

**Proceedings of the
First Pan American
Financial Conference**

Washington, May 24 to 29, 1915

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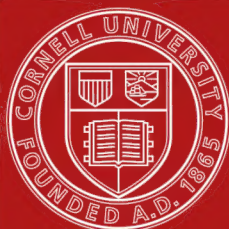
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Proceedings of the First Pan American Financial Conference

CONVENED BY AUTHORITY OF THE
CONGRESS OF THE UNITED STATES

UNDER THE DIRECTION OF

HON. WILLIAM G. McADOO
Secretary of the Treasury

17



Washington

May 24 to 29, 1915



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LETTER TO THE PRESIDENT OF
THE UNITED STATES FROM THE
SECRETARY OF THE TREASURY
TRANSMITTING THE PROCEED-
INGS OF THE PAN AMERICAN
FINANCIAL CONFERENCE

LETTER TO THE PRESIDENT OF THE UNITED STATES FROM THE
SECRETARY OF THE TREASURY TRANSMITTING THE PROCEED-
INGS OF THE PAN AMERICAN FINANCIAL CONFERENCE.

TREASURY DEPARTMENT,
Washington, September 6, 1915.

SIR: The diplomatic and consular appropriations bill approved March 4, 1915, contained the following provision:

"The President is hereby authorized to extend to the Governments of Central and South America an invitation to be represented by their ministers of finance and leading bankers, not exceeding three in number in each case, to attend a conference with the Secretary of the Treasury in the city of Washington, at such date as shall be determined by the President, with a view to establishing closer and more satisfactory financial relations between their countries and the United States of America, and authority is hereby given to the Secretary of the Treasury to invite, in his discretion, representative bankers of the United States to participate in the said conference, and for the purpose of meeting such actual and necessary expenses as may be incidental to the meeting of said conference and for the entertainment of the foreign conferees the sum of \$50,000 is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to be expended under the direction of the Secretary of the Treasury."

In pursuance thereof the Secretary of State extended in your behalf an invitation to the various South and Central American Republics to attend a conference with the Secretary of the Treasury in the city of Washington on the 24th day of May, 1915. This invitation was cordially received and accepted by all of the Governments concerned. Following is a list of the Governments represented, with the names of the delegates appointed by them to attend the conference:

ARGENTINA :*

Señor Dr. Samuel Hale Pearson.
 Señor Dr. Ricardo C. Aldao.
 Señor Dr. V. Villamil.

BOLIVIA :

Señor Dr. Ignacio Calderón.
 Señor Dr. Adolfo Ballivián.

BRAZIL :

Senhor Dr. Amaro Cavalcanti.

CHILE :

Señor Dr. Luis Izquierdo.
 Señor Dr. Augusto Villanueva.
 Señor Dr. Gonzalo Vergara Bulnes.

COLOMBIA :

Señor Dr. Santiago Pérez Triana.
 Señor Dr. Roberto Ancízar.

COSTA RICA :

Señor Dr. Mariano Guardia
 Carazo.
 Señor Dr. John M. Keith.

CUBA :

Señor Dr. Pablo Desvernine y
 Galdós.
 Señor Dr. Porfirio Franca y Al-
 varez de la Campa.
 Señor Dr. Octavio Zayas y Adán.

DOMINICAN REPUBLIC :

Señor Dr. Francisco J. Peynado.
 Señor Dr. Enrique Jiménez.

ECUADOR :

Señor Dr. Juan Cueva García.
 Señor Dr. Vicente Gonzales B.
 Señor Dr. Enrique Gallardo.

GUATEMALA :

Señor Dr. Víctor Sánchez Ocaña.
 Señor Dr. Carlos Herrera.
 Señor Dr. Juan S. Lara.

HONDURAS :

Señor Dr. Leopoldo Córdova.
 Señor Dr. Daniel Fortín.

NICARAGUA :

Señor Dr. Pedro Rafael Cuadra.
 Señor Dr. Albert Strauss.
 Señor Dr. Clifford D. Ham.

PANAMA :

Señor Dr. Aristides Arjona.
 Señor Dr. Ramón F. Acevedo.
 Señor Dr. Ramón Arias, jr.

PARAGUAY :

Señor Dr. Héctor Velázquez.
 Señor Dr. William Wallace
 White.

PERU :

Señor Dr. Isaac Alzamora.
 Señor Dr. Eduardo Higginson.

SALVADOR :

Señor Dr. Alfonso Quiñónez M.
 Señor Dr. José E. Suay.
 Señor Dr. Roberto Aguilar.

URUGUAY :

Señor Dr. Pedro Cosío.
 Señor Dr. Gabriel Terra.
 Señor Dr. Carlos María de Pena.

VENEZUELA :

Señor Dr. Pedro Rafael Rincones.

The Secretary of the Treasury was authorized to invite, in his discretion, representative bankers of the United States to participate in said conference. In the exercise of that discretion I extended invitations to a representative body of our bankers and business men. A list of them will be found on page 44 of the proceedings of the conference.

The members of the diplomatic corps of the Latin American Republics, the members of the Cabinet of the United States, the chairman of the Committee on Foreign Relations of the Senate (Hon. William J. Stone), the chairman of the Committee on Foreign Affairs of the House of Representatives (Hon. Henry D. Flood), the Assistant Secretaries of the Treasury, the members of the Federal Reserve Board, the members of the Federal Trade Commission, and the chairmen of the boards of directors and the governors of each of the Federal reserve banks were also invited.

* Dr. Villamil and Mr. John E. Zimmermann attended the conference as representatives of the Buenos Aires Chamber of Commerce.

Through the courtesy of the Governing Board of the Pan American Union the Conference was held in the Pan American Building in the city of Washington. The first session began at 10 o'clock a. m., Monday, the 24th of May, 1915. The Secretary of the Treasury presided, and the proceedings were opened with addresses by the President and Secretary of State of the United States, to which responses were made by representatives of the visiting Governments. The sessions continued until the 29th of May, 1915.

A full report of the proceedings is submitted herewith. I shall not attempt to review these proceedings; I shall merely summarize the most important results.

There was unanimous opinion that two things are essential to the development of trade and improved relations between the Latin-American nations and the United States, viz:

1. The granting by United States bankers and business men of ample credits to Latin America and the prompt provision of the necessary organization and facilities for this purpose.

2. The prompt establishment of adequate steamship facilities between the leading ports of the United States and South America, which the Conference, by resolution, declared "a vital and imperative necessity."

As to the first of these necessities, viz, credits: Central and South America have, heretofore, relied almost wholly on Europe for their financial requirements. The great war has seriously disturbed and injured those countries by the sudden derangement and withdrawal of European credits. United States credits must be substituted if the orderly development and progress of Latin America is to continue, and if we desire to enlarge the trade and financial influence of the United States in those countries.

Manifestly enlightened interest in the welfare of our friendly neighbors should induce us to extend to them every facility that our resources will permit. Such a policy will inure to their and our advantage.

It is nothing short of providential that the Federal Reserve system has been established. Happily it offers the means by which the great objects in view can be largely, if not wholly, attained. The Federal Reserve Act has so consolidated and organized our credit resources that our bankers are, for the first time in our history, able to engage in world-wide financial operations. We now have the available resources. It is merely a question of their intelligent use.

The first step should be the establishment of the necessary branches or agencies in the leading cities of all of the countries of South and

Central America by a bank or banks having the necessary resources to take the business that is open to them. One of our largest banks has had the enterprise to establish branches in some of the largest cities in South America, but manifestly the resources of a single bank or of several of our largest banks are insufficient to meet the demands of the situation as it now exists and as it will develop in the future. What is needed is the use of the consolidated banking power of the United States applied through agencies established in the leading cities of Latin America.

The Federal Reserve Act has supplied the necessary authority, and it only remains for the Federal Reserve banks, with the approval of the Federal Reserve Board, to make practical use of that power. Section 14 (paragraph e) of said act gives every Federal Reserve bank the right—

“To establish accounts with other Federal Reserve banks for exchange purposes and, with the consent of the Federal Reserve Board, to open and maintain banking accounts in foreign countries, appoint correspondents, and establish agencies in such countries wheresoever it may deem best for the purpose of purchasing, selling, and collecting bills of exchange, and to buy and sell with or without its indorsement, through such correspondents or agencies, bills of exchange arising out of actual commercial transactions which have not more than ninety days to run and which bear the signature of two or more responsible parties.”

In addition to these powers, the Federal Reserve banks may, “under rules and regulations prescribed by the Federal Reserve Board, purchase and sell in the open market, at home or abroad, either from or to domestic or foreign banks, firms, corporations, or individuals, cable transfers and bankers’ acceptances and bills of exchange of the kinds and maturities by this act made eligible for rediscount with or without the indorsement of a member bank,” and may “deal in gold coin and bullion at home or abroad, make loans thereon,” etc., and “buy and sell, at home or abroad, bonds and notes of the United States,” etc. Enlargement of these powers would be desirable to increase the usefulness of foreign agencies of Federal Reserve banks and it is probable that the Congress would grant such enlarged powers upon good cause shown.

The twelve Federal reserve banks could, with the consent of the Federal Reserve Board, establish *joint* agencies in each of the countries of Latin America, their interest in such agencies to be in proportion to the capital stock and surplus of each participating Federal Reserve bank. The combined capital stock and resources of our Federal Reserve banks, utilized in this way for the extension and promotion of our foreign commerce, would give them unrivaled financial power. They could maintain themselves in foreign fields in competi-

tion with the world and perform a service of incalculable value to the American people.

During the Pan American Financial Conference the suggestion was made by some of our leading bankers that the national-bank act might be amended so as to permit a number of the national banks to become stockholders in an independent bank organized for the purpose of doing business in foreign countries. This plan, even if it were not open to objection, would be manifestly inferior to the agency of the combined Federal Reserve banks. The Federal Reserve banks comprise in their membership every national bank in the United States, as well as a number of our leading State banks and trust companies. They constitute a financial organization of unequalled strength, and their operations in foreign countries will be for the common benefit of all of the national banks, State banks, and trust companies composing the Federal Reserve system. These agencies in foreign countries could, in addition to their banking business, render a great service to American business men and bankers by furnishing credit reports and general information about trade and finance in the various countries in which they operate.

The power of the Federal Reserve banks to establish such joint agencies in foreign countries, with the consent of the Federal Reserve Board, appears to be beyond question. The initiative rests with the Federal reserve banks. While they can not be compelled to establish such agencies, I believe that upon a careful study of the situation and with the encouragement of the Federal Reserve Board they will be prompted to take this important step.

The establishment of Federal Reserve agencies will not prevent the member banks from carrying on and enlarging the business they are now doing in foreign countries. It is gratifying to note that many of our national banks and trust companies are showing commendable enterprise in supplying credits to Latin America.

As to the second necessity, namely, the establishment of adequate steamship facilities: The Pan American Financial Conference, by unanimous vote, adopted the following resolution:

"Resolved, That it is the sense of this Conference that improved ocean transportation facilities between the countries composing the Pan American Union have become a vital and imperative necessity, and that every effort should be made to secure, at the earliest possible moment, such improved means of ocean transportation, since it is of primary importance to the extension of trade and commerce and improved financial relations between the American Republics."

The Committee on Transportation filed a report recommending, among other things, that the Secretary of the Treasury of the United States, as chairman of the Conference, appoint a permanent com-

mittee, to be composed of representatives of the United States and Argentina, Brazil, Uruguay, Chile, Ecuador, and Peru, "to obtain and furnish information pertinent to the subject, and to put into effect the plans outlined in the reports of the subcommittees above alluded to, and, further, to consider and report to the chairman of the Pan American Financial Conference any other feasible and effective plan for the establishment of the desired expansion of shipping facilities." There were two subcommittees of the Transportation Committee, each of which presented a report containing recommendations. The report of Señores Aldao, Cavalcanti, and Cosio representing, respectively, Argentina, Brazil, and Uruguay, suggested the advisability of calling for bids not later than December 31, 1915, for the establishment of a regular line of fast mail steamers between United States ports and Rio de Janeiro, Montevideo, and Buenos Aires, "bidders to state the compensation demanded and the period of the contract," and subject to other conditions outlined in the report, and concluded as follows:

"the governments of the respective countries to agree upon the proportion which is to be paid by each and upon all other details."

The report of Señor Vergara, representing Chile, recites that the delegate of Peru, Dr. Alzamora, and the delegate of Ecuador, Dr. Gonzales, although approving his report, could not sign the same for want of the necessary authorization from their Governments. Señor Vergara's report recommends the organization of a large company, subscription to the capital stock of which may be made by the public, the balance of the stock, if any, to be taken by the Government of the United States and the Governments of those Latin American Republics interested, in proportions to be agreed upon; the company to be organized under New York laws; the steamers to be registered in the different countries in proportion to the capital subscribed, and to fly the flag of the country of their registration. It is unnecessary to recite the other features of the report, as it is the principle that is important.

I stated to the conference that I did not think it wise to appoint the International Committee on Transportation, as suggested, because I should, as Secretary of the Treasury of the United States, have to appoint a committee composed of representatives of foreign countries to deal with matters in their own States; that I did not believe it practicable, and that it seemed to me that each country would have to handle the matter in its own way; that this was not a convention for the purpose of determining national policies, but a conference for the purpose of exchanging views and suggesting

remedies; that we could not with propriety discuss Government ownership or subsidies or any other such matter; that the shipping question had become something of a political controversy in the United States, and that the conference was not the place to thresh it out; that I thought the conference should confine itself to a consideration of the resolution to which I have already referred, and which was unanimously adopted by the conference. I respectfully invite your attention to pages 283, 284, and 290 of the proceedings and to the report of the committee on transportation, which will be found on page 305 of the proceedings.

It is appropriate to quote, briefly, from the remarks of Dr. Samuel Hale Pearson, of Argentina, chairman of the Committee on Transportation, who said:

"It has been the unanimous opinion of all of us North Americans and South Americans that there is absolute necessity, in the interest of commerce and for a better knowledge of each other, that some method be arrived at for the establishment of fast steamship communications between North and South America. * * * Everybody knows that we want fast steamers, and fast steamers are the basis and the foundation of banking, trading, and all sorts of commercial relations. It is useless—I mean it is a little premature—for us to try to establish commercial relations if we find we can not get there. The first thing is to get there, and then business will follow."

The question of adequate steamship facilities is fundamental and underlies every other question concerning our trade and future relationships with the Latin American Republics. The ability to communicate promptly with each other, at frequent intervals, and at reasonable rates, is a prerequisite. It is too obvious to need discussion that without the required facilities trade can not be built up or financial relationships be established or friendly intercourse be promoted.

The quick and effective solution of this problem is for the Government of the United States to put itself behind a shipping enterprise, so that the necessary financial support to make it successful will be assured. It is an undertaking of such magnitude that the Government alone has the resources and the power to act quickly and to compass it. We can not reasonably expect private capital in this country to engage in this essential undertaking. It is too big an undertaking at the outset for private capital. Moreover, the claim is made that our navigation laws must be amended, or that subsidies or subventions must be granted, or that one or all of these things must be done before private capital can be encouraged to engage in shipping enterprises. But if any or all of these things should be

done, there is no assurance or guarantee, nor can any be had, that private capital in sufficient amount will come forward quickly and provide the steamship facilities for which the trade and commerce of this country and of Central and South America are acutely suffering. The shipping field has for many years failed to attract American capital which will have to be educated to shipping enterprises, no matter what laws may be passed by the Congress. This will take a long time. The evolution of an adequate merchant marine through private capital will be extremely slow and painfully uncertain if it evolves at all. Meantime our great opportunity to serve our South American friends and promote our own interests may be irretrievably lost.

I am informed by the Navy Department that, in order to bring our present Navy up to its maximum usefulness and efficiency in time of war, there is needed 400 merchant vessels of approximately 1,172,000 gross tonnage of varied character and requirements; that in addition to this, "should our own coast be invested or even occasionally visited, there would be required a large number of small vessels fitted for mine sweeping, say, 324 of such vessels of about 150 gross tons each." We have only a small portion of the required tonnage in suitable merchant vessels of the larger units registered under our flag. This does not take into account future growth of our Navy, for which additional provision must be made. In case of war, if that misfortune should ever overtake us, our Navy would be seriously handicapped for the want of essential naval auxiliaries unless we take prompt steps to create them. It would seem to be the part of wisdom and intelligence for the Government of the United States to create, promptly, by construction and purchase, a fleet of merchant vessels suitable for naval auxiliaries and to operate these vessels in time of peace for the purpose of extending our commerce throughout the world, and creating the trained seamen upon whose skill and valor we must depend for the operation of these ships and the defense of our country in time of war. It is mere assertion to say that these vessels can not be operated in commerce at a profit; but even if this be conceded and the ships should be operated at a loss, which must be borne by the Treasury, this loss will be a small price to pay for the extension of our commerce and the defense of our country. It is claimed that a naval auxiliary composed of merchant vessels is just as essential to make our Navy *fully* effective as the guns on the decks of our warships and the men behind those guns. If this is true, it is the duty of the Government to provide these naval auxiliaries without delay. Once provided, the cost of maintaining them *idle* would be a great expense and charge upon the Treasury, but even that expense would be justified in the light of necessity.

But how much more intelligent would be the policy of operating these naval auxiliaries in time of peace as merchant ships for the expansion of our commerce throughout the world, and applying their earnings in mitigation of the cost of maintenance. The net loss, if any, would be a small price to pay for security, while a profit, if earned, might go into the general fund of the Treasury in reduction of taxation or be used as an improvement fund for the purchase of additional ships. Is not our wisest course to create the necessary naval auxiliary and use it at the same time as a merchant marine for our South American and foreign trade?

I am satisfied that the Governments of South America to whose ports an American company, backed by our Government, should run ships will offer every possible encouragement in the way of port facilities, favorable port charges, regulations, etc. In my letter to the delegates, dated June 19, 1915 (page 515 of the proceedings), I have asked each Government for some useful information about shipping, which will be submitted in a separate report as soon as received.

While it was not expected when the Pan American Financial Conference was conceived that the shipping question would be considered by that conference, it was, in the light of subsequent events, inevitable that it should be discussed because of its paramount importance and imperative necessity.

Next in importance to credits and shipping facilities was the subject of uniformity of laws. A committee consisting of representatives of every country represented in the Conference was appointed.

Its report will be found on page 297 of the proceedings. The committee recommended that uniformity of laws be considered as to the following subjects:

1. The establishment of a gold standard of value.
2. Bills of exchange, commercial paper, and bills of lading.
3. Uniform (*a*) classification of merchandise, (*b*) customs regulations, (*c*) consular certificates and invoices, (*d*) port charges.
4. Uniform regulations for commercial travelers.
5. To what extent further legislation may be necessary concerning trade-marks, patents, and copyrights.
6. The establishment of a uniform low rate of postage and of charges for money orders and parcels post between the American countries.
7. The extension of the process of arbitration for the adjustment of commercial disputes.

The committee also recommended that, for the purpose of bringing about uniformity of laws on these subjects, "there be established an international high commission, to be composed of not more than

nine members, resident in each country, to be appointed by the minister of finance of such country. The aggregate members thus appointed shall constitute the commission." This report was unanimously adopted by the Conference, and in pursuance thereof I have appointed a commission to represent the United States, and have (upon the informal suggestions subsequently made in the Conference that the minister of finance or secretary of the treasury of each country act as chairman of the commission of his country) assumed the chairmanship of the United States Commission, which is composed of the following:

- WILLIAM G. MCADOO, Secretary of the Treasury, chairman, Washington, D. C.
- JOHN BASSETT MOORE, vice chairman, Columbia University, New York, N. Y.
- JOHN H. FAHEY, president Chamber of Commerce of the United States, Boston, Mass.
- DUNCAN U. FLETCHER, president Southern Commercial Congress, Jacksonville, Fla.
- D. R. FRANCIS, St. Louis, Mo.
- E. H. GARY, chairman of board, United States Steel Corporation, New York, N. Y.
- A. B. HEPBURN, chairman board of directors, Chase National Bank, New York, N. Y.
- GEORGE M. REYNOLDS, president Continental and Commercial National Bank, Chicago, Ill.
- SAMUEL UNTERMYER, New York, N. Y.

I have also appointed the following:

- LEO S. ROWE, Secretary General.
- J. BROOKS B. PARKER, Assistant Secretary General.
- C. E. MCGUIRE, Assistant to the Secretary General.

As this report is written the Governments of Bolivia, Chile, Cuba, Ecuador, Panama, and Peru have appointed high commissions for their countries, and I am encouraged to believe that the remainder of the countries represented in the conference will soon take similar action.

The commission for the United States has, of course, no official status at the present time, but the work upon which it has entered is of such great importance that I earnestly recommend that you request the Congress to give its approval and make a small appropriation to enable the commission to meet the necessary expenses of carrying on its labors. The task is both big and difficult, and skilled services will be required. A modest appropriation will be sufficient. I recommend that the sum of \$25,000 be granted.

In my parting letter to the delegates of the Governments participating in the conference, dated June 19, 1915 (page 515 of the proceedings), I suggested that a meeting of the International High Com-

mission be held in Buenos Aires on the 1st day of November, 1915. The time may be too short to hold this meeting. In that event a later date will be announced. It is highly desirable that as rapid progress as possible be made in bringing this great task to completion.

There are many laws and regulations of the various countries which adversely affect trade and enlarged intercourse between them. It is manifestly to the interest of all of these countries that these difficulties be removed. Uniformity of laws affecting the fundamentals of trade and finance can undoubtedly be realized with patient work and earnest cooperation. I believe that as a result of the Pan American Financial Conference all of the Governments concerned are now fully aroused to the importance of securing uniformity of laws as far as practicable, and that their hearty cooperation is assured. The Postmaster General of the United States has given his cordial indorsement to the principle of uniform low rates of postage and charges for money orders and parcels post between the Latin American countries and the United States, and is giving the International High Commission for the United States invaluable assistance.

Another subject of very great importance is the need of direct cable communications and reasonable rates between the Latin American countries and the United States. This was emphasized by many delegates in the conference. There is no doubt about the disadvantages under which all of the countries of Latin America and the United States labor on account of the present roundabout and unsatisfactory facilities and the excessive cost of cable communication between them. If the Congress shall grant the suggested appropriation for the work of the International High Commission, it will be entirely feasible for that commission to investigate this question and ascertain and report to what extent such facilities are needed and how far the various South and Central American Governments will cooperate in establishing them.

Recognizing the fact that each of the countries represented in the Conference had its own distinctive problems, which were unrelated to those of its neighbors, and that a discussion of the problems of each country in the general sessions of the Conference would be undesirable, if not impracticable, a series of group conferences were arranged in the following manner:

The representatives of the United States were divided into eighteen groups, one of which was assigned to each of the countries represented in the Conference. Thus the delegates of each foreign country were brought into contact with a group of our most prominent bankers and business men and were able to discuss freely and intimately the problems involved.

This plan was carried out with highly satisfactory results. The reports of these group conferences are published in full in the accompanying proceedings, and contain a vast amount of information which will prove of great value in the promotion of better financial and commercial relations between the Latin-American Republics and the United States.

It is clear that it is to the interest of all of the countries that these group committees shall be continued in order that the work begun in the conference may be carried forward without interruption. I have appointed, therefore, eighteen group committees in this country, and have assigned one of them to each of the Central and South American countries, thus making permanent the plan adopted with so much success during the sessions of the conference itself. These committees have, of course, no official status and involve no expense to the Government, but will act as voluntary organizations for the purpose of fostering closer financial and commercial relations between the United States and Latin America. The committees will serve until the Pan American Financial Conference of 1916 (if one shall be held that year), unless sooner relieved from further service by the Secretary of the Treasury of the United States. I have suggested that the delegates from the various Latin American countries continue as group committees for their respective countries, so that they can cooperate with the group committees of this country in furthering the objects of the conference. A list of the group committees so appointed will be found on page 528 of the proceedings.

A resolution was adopted by the foreign delegates to the Conference inviting American bankers and business men to visit the various Central and South American countries. In conformity therewith I have appointed a committee of business men and bankers in this country to arrange the proposed visit. This committee has likewise no official status, nor is such a status sought or needed. The object of this committee will be to arrange the itinerary and select a representative body of our business men and bankers who are willing, at their own expense, to make the proposed trip. No appropriation for this purpose is asked of the Congress. A list of the committee so appointed will be found on page 527 of the proceedings. I am glad to say that this committee has taken hold of the work with great enthusiasm and that preparations are now being made for the proposed visit.

The results of the Pan American Financial Conference were so satisfactory that I am convinced that it will be of great advantage to all of the Republics of the American continent to hold an annual Pan American Financial Conference in Washington. I have suggested to the various Governments that the city of Washington is,

on the whole, the most convenient place, since it is possible to secure a larger attendance of the important business men and financiers of the United States in Washington than elsewhere. Moreover, the Pan American Union has a beautiful building in Washington with ideal facilities, which can doubtless be secured always for such meetings.

It is a great pleasure to acknowledge the courtesies extended by the Pan American Union to the Financial Conference of 1915 and to testify to the valuable cooperation of the directors and officers of the Pan American Union in all that has been done and in all that we are undertaking to do. It is the purpose to work in the closest harmony and cooperation with the Pan American Union.

I respectfully suggest that you request the Congress of the United States to authorize you to extend an invitation to the Latin-American Republics to attend another Financial Conference in Washington in 1916, and that an appropriation of \$50,000 be made for this purpose. This is the same amount as the appropriation for the 1915 Conference. I earnestly hope that this recommendation will be adopted, because I think it will contribute immeasurably to the successful progress of the work so auspiciously begun by the Conference of 1915.

My suggestions for carrying on the work of the Pan American Financial Conference and for establishing improved financial and commercial relations between Latin America and the United States may be summarized as follows:

First. That the twelve Federal reserve banks establish promptly joint agencies in the leading cities of all the countries of Central and South America for the purpose of providing enlarged credit facilities, as outlined in the first part of this report.

Second. That the Government of the United States provide promptly the necessary steamship facilities by subscribing the capital stock of a corporation organized for the purpose of owning and operating the necessary steamship lines.

Third. That the International High Commission on Uniformity of Laws be granted an appropriation of \$25,000 to enable it to carry on the important work it has undertaken and represent the United States in the meeting of the International High Commission of all the Latin American Republics.

Fourth. That a Pan American Financial Conference be held annually in the city of Washington, and that the Congress authorize the President to extend invitations to the Republics of Latin America to attend a financial conference in the city of Washington during the year 1916, and that an appropriation of \$50,000 be made for said Conference.

Meanwhile the group committees and the committee to arrange for a visit of our representative business men and bankers to South and Central America will carry on the work assigned to them with earnestness and enthusiasm. It is most gratifying to note the deep and general interest manifested throughout the United States in the Pan American Financial Conference and in the subject of Pan Americanism.

Respectfully,

(Signed)

W. G. McAdoo.

The PRESIDENT,

The White House, Washington, D. C.

REPORT OF THE SECRETARY GEN-
ERAL OF THE PAN AMERICAN
FINANCIAL CONFERENCE TO THE
SECRETARY OF THE TREASURY

**REPORT OF DR. L. S. ROWE, SECRETARY GENERAL OF THE PAN
AMERICAN FINANCIAL CONFERENCE, TO THE HONORABLE
W. G. McADOO, SECRETARY OF THE TREASURY.**

SIR: I have the honor to submit to you a report on the organization and procedure of the Pan American Financial Conference which convened in the city of Washington on Monday, May 24, and continued in session until Saturday, May 29.

At the request of the Secretary of the Treasury the original invitation to the Conference was extended to the respective Governments of Central and South America in a cable instruction issued by the Department of State to the diplomatic representatives of the United States in the countries of Central and South America, with the exception of Haiti and Mexico. These instructions read as follows:

DEPARTMENT OF STATE,
Washington, March 12, 1915.

AMERICAN EMBASSY (OR LEGATION):

In pursuance of a provision in the Diplomatic and Consular appropriation act approved March 4, 1915, you are instructed to extend, in the name of the President, an invitation to the Government to which you are accredited to appoint delegates, not exceeding three in number, to attend a conference of the Secretary of the Treasury in Washington on May 10, 1915.

The Conference will be held with a view to establishing closer and more satisfactory financial relations between the Republics of America, and it is hoped that the Minister of Finance of the respective Governments will be able to attend as one of the three delegates and that the delegates may be versed in finance and in banking and business problems.

The delegates who may be appointed hereunder, while they are in this country, will be the guests of the United States of America. The Secretary of State of the United States of America will participate in the Conference, and the diplomatic representatives to the United States of America of the respective countries to whom this invitation is sent will be themselves invited to attend the Conference, in addition to the members whose special appointment is here invited.

It is the intention of the Secretary of the Treasury to invite to the Conference, in addition to the above, leading and representative bankers of the United States of America. It is expected that the Conference will discuss, in addition to the problems of banking, problems of transportation and commerce between the various countries represented.

The President especially desires you in communicating the invitation to impress upon the Government to which you are accredited the great pleasure it

will give him and his associates in the Government to welcome its delegates to the Conference and to extend to them the hospitality of the Government of the United States of America.

(Signed) BRYAN.

A later telegram, dated March 31, was sent to the same legations, instructing them to inform the Governments to which they were accredited that owing to the illness of the Secretary of the Treasury the meeting of the Conference had been postponed until May 24.

The invitation thus issued met with an immediate and hearty response. All the countries of Central and South America were suffering severely from the effects of the European war and were looking to the United States as the only possible source of relief from the financial difficulties with which they were confronted. The invitation to the Conference was interpreted as an indication of the desire of the Government and people of the United States not only to enter into closer financial and commercial relations with the Republics of Central and South America, but also as an expression of the desire to cultivate a spirit of cooperation and mutual helpfulness.

Soon after the issuance of the invitation the Governments of the countries of Central and South America began to make appointments of delegates, and some weeks before the convening of the Conference notice of such appointments had been received. The list of delegates thus appointed is as follows:

ARGENTINA :*

Señor Dr. Samuel Hale Pearson.
Señor Dr. Ricardo C. Aldao.
Señor Dr. V. Villamil.

CUBA :

Señor Dr. Pablo Desvernine y Galdós.
Señor Dr. Porfirio Franca y Álvarez de la Campa.
Señor Dr. Octavio Zayas y Adán.

BOLIVIA :

Señor Dr. Ignacio Calderón.
Señor Dr. Adolfo Ballivián.

DOMINICAN REPUBLIC :

Señor Dr. Francisco J. Peynado.
Señor Dr. Enrique Jiménez.

BRAZIL :

Senhor Dr. Amaro Cavalcanti.

ECUADOR :

Señor Dr. Luis Izquierdo.
Señor Dr. Augusto Villanueva.
Señor Dr. Gonzalo Vergara Bulnes.

Señor Dr. Juan Cueva García.
Señor Dr. Vicente Gonzales B.
Señor Dr. Enrique Gallardo.

CHILE :

COLOMBIA :

Señor Dr. Santiago Pérez Triana.
Señor Dr. Roberto Ancízar.

GUATEMALA :

Señor Dr. Víctor Sánchez Ocaña.
Señor Dr. Carlos Herrera.
Señor Dr. Juan S. Lara.

COSTA RICA :

Señor Dr. Mariano Guardia Carazo.
Señor Dr. John M. Keith.

HONDURAS :

Señor Dr. Leopoldo Córdova.
Señor Dr. Daniel Fortín.

* Dr. Villamil and Mr. John E. Zimmermann attended the conference as representatives of the Buenos Aires Chamber of Commerce.

NICARAGUA :

Señor Dr. Pedro Rafael Cuadra.
 Señor Dr. Albert Strauss.
 Señor Dr. Clifford D. Ham.

PERU :

Señor Dr. Isaac Alzamora.
 Señor Dr. Eduardo Higginson.

PANAMA :

Señor Dr. Aristides Arjona.
 Señor Dr. Ramón F. Acevedo.
 Señor Dr. Ramón Arias, jr.

SALVADOR :

Señor Dr. Alfonso Quiñónez M.
 Señor Dr. José E. Suay.
 Señor Dr. Roberto Aguilar.

PARAGUAY :

Señor Dr. Héctor Velázquez.
 Señor Dr. William Wallace
 White. .

URUGUAY :

Señor Dr. Pedro Cosío.
 Señor Dr. Gabriel Terra.
 Señor Dr. Carlos María de Pena.

VENEZUELA :

Señor Dr. Pedro Rafael Rincones.

The delegates began to arrive in this country early in May and were greeted in New York by a special committee appointed by the Secretary of the Treasury. The membership of this committee was as follows:

DUDLEY FIELD MALONE, Chairman.
 Martín Vogel, Vice Chairman.

Pierre Jay.	E. H. Outerbridge.	Cabot Ward.
A. H. Wiggin.	William A. Marble.	Willard D. Straight.
Henry P. Davison.	James S. Alexander.	A. Barton Hepburn.
Frank A. Vanderlip.	William Woodward.	James A. Farrell.
Benjamin Strong, jr.	Sereno S. Pratt.	William C. Van Antwerp.
Jacob H. Schiff.	William F. Morgan.	Franklin Q. Brown.
Dr. H. E. Bard.	S. R. Bertron.	

As soon as possible after their arrival in New York a preliminary announcement was sent to delegates containing a list of questions submitted for the consideration of the Conference by the Secretary of the Treasury.

QUESTIONS SUGGESTED BY THE SECRETARY OF THE TREASURY FOR THE CONSIDERATION OF THE GROUP COMMITTEES.

I. Public finance.

Public Revenues and Expenditures as Affected by Recent Events in Europe.
 Measures Adopted to Meet the Situation.
 Proposed Remedies.
 Possibilities of International Cooperation.

II. The monetary situation.

Conditions Prior to the Outbreak of the European War.
 Effects of the War.
 Possibilities of International Cooperation.
 Outlook for Uniform Monetary Standards.

III. The present banking situation.

Conditions Existing Prior and Subsequent to the Outbreak of the European War.
 The Establishment of Branch Banks and of Direct Exchange.
 Possibilities of Further International Cooperation.

IV. The financing of public improvements.

- (a) The Underwriting of National Loans.
- (b) The Underwriting of Provincial or State Loans.
- (c) The Underwriting of Municipal Loans.
- (d) The Relation of Public Credit to a Well Organized System of Taxation and a Balanced Budget.

V. The financing of private enterprises.

- (a) The Present Needs of Public Service Companies, such as Railroad, Street Railway, Electric Light, Gas, and Power Companies. .
- (b) The Needs of Merchants and Manufacturers.
- (c) The Financing of Seasonable Crops.
- (d) The Consideration of Plans to Secure a more satisfactory status for Collateral as Security for Commodity Loans.
- (e) The Possibility of Securing Greater Uniformity in the Laws relating to Trade and Commerce, in Customs Regulations, and the more effective Protection of Trade-Marks.

VI. The extension of inter-American markets.

- (a) Long Term Credits as Means of Stimulating Inter-American Trade.
- (b) Acceptances and Discounts (including warehouse receipts) as a Means of Extending Inter-American Trade.
- (c) The Establishment of Direct Exchange (often referred to as "dollar exchange") as a Means of Extending American Trade.
- (d) The Adaptation of the Manufactured Products of the United States to the Needs of the Nations of Central and South America.
- (e) Tariff Laws as affecting Trade with the United States.

VII. Merchant marine and improved transportation facilities.

- (a) Increased and Improved Ocean Transportation Facilities.
 - 1. The present needs in this respect.
 - 2. Statement of shipping facilities now enjoyed.
 - 3. Suggestions as to the best means of securing improved transportation service.
 - 4. What public or private encouragement for improved transportation facilities can be expected from the countries represented at the Conference.
- (b) Improved Postal Facilities (including Money Orders) and Parcel Post.

The delegates did not begin to arrive in Washington until the 19th and 20th of May and were entertained at the Hotel Shoreham as special guests of the Nation. In accordance with your directions every effort was made to provide for their comfort and convenience while in this country, and the general expressions of satisfaction on the part of the delegates indicated that these efforts were entirely successful.

On the morning of Saturday, May 22, the delegations met for an informal preliminary conference with the Secretary of the Treasury; the object of this conference being to present to them the main purposes for which the Conference had been called, and to facilitate a

frank and free interchange of opinion. In opening this conference, Secretary McAdoo said:

GENTLEMEN AND FELLOW AMERICANS: Let me welcome you to Washington and assure you of my deep gratitude to you for responding so promptly and graciously to my invitation, especially upon such short notice. It occurred to us who are trying to get the machinery of this Conference in motion that if we might meet this morning in advance of the regular sessions and exchange ideas in regard to the features of the convention it would be advantageous. What we hope to accomplish by this Conference is to have a free and frank interchange of views, to have you tell us as much as you are willing to tell us about your problems and about your situation in South America, and tell us how we can cooperate with you in solving any of your problems; and we want at the same time to get the benefit of what you tell us here in trying to solve our own problems.

We feel that the time has come when there ought to be greater cooperation in a material way between the nations of North and South America. I do not think that is an objectionable kind of materialism. The right kind of materialism is a powerful aid to national prosperity. Without that as the substantial basis for national and individual life it is very difficult to cultivate high ideals and to maintain great moral power or to exert potential moral influence.

So, in asking you to come to Washington under such favorable auspices as you do come and to take up with us in a spirit of helpfulness and cooperation these serious problems which have grown out of this great world struggle we hope that we may be of mutual benefit to one another.

In working out the method of conducting this Conference I thought it would be an advantage if we divided the delegations into the natural divisions which each country suggests, and that the delegates from the United States, who in numbers, but not in abilities, outnumber you, should be divided into 18 committees, one being assigned to each of the visiting countries, so that you might have a series of group conferences, where you could with the utmost freedom and candor discuss any problems peculiarly or distinctively your own. I imagine—in fact, I know—that there are many problems of your respective countries which relate to public finance or internal development or internal economy, and that nothing would be gained by a debate of such matters in a general session of the Conference. Therefore I have felt that it would be wiser if these group conferences were arranged.

It is our purpose to appoint the ranking member of each visiting delegation chairman of each group conference, so that the initiative in a way will be with you; that is, the initiative of bringing before the group meetings such subjects as you may wish to present. I would therefore suggest that after the group conferences are organized, as I have outlined, the chairmen of the delegations present promptly such subjects and such matters as they may care to draw to the attention of the group meetings. That will bring on discussion, which can be elaborated to such extent as may be wise.

You will find that the delegates from the United States will be most anxious to cooperate with you and to facilitate your deliberations, and also to be as useful as possible in the discussion of these problems.

As a preliminary to the General Conference, it also occurred to me that you may have some memoranda that you may care to submit for the consideration of the General Conference. There are, of course, a large number of questions that have a common interest to all of the nations. Such questions will natu-

rally be discussed in the general sessions of the Conference. If you have already prepared such memoranda or suggestions on subjects which you would like to have brought before the Conference, and if you care to submit them now, we will print them in English and Spanish, so that when the time comes to discuss them advance information will be at hand. It is not necessary that you have such memoranda. I only suggest this for your convenience and for the information of all the delegates who may attend. If you have not such memoranda prepared, and care to prepare and submit them by Monday, we shall see that they are put in type and distributed as quickly as possible thereafter.

I may say that when the regular Conference assembles Monday next we shall be very happy, indeed, if delegates who have their families with them will bring them to the meeting. The President will address the Conference, and you gentlemen will also deliver addresses, so that it will be an agreeable and pleasant occasion for the ladies to witness.

This meeting is merely for an informal interchange of ideas. We are most anxious to have you tell us anything you think will contribute to the value of the discussions and the successful conduct of this Conference, and if you will now be good enough to respond to the roll call we shall be very happy, indeed, to have you say anything you wish to say.

(After the roll call of the various countries, Secretary McAdoo said:)

We are very grateful to you for these statements and for the expression of these kindly and generous sentiments, and before we adjourn I wish to say that I do earnestly hope, and I am speaking with the utmost sincerity, that you and each of you will not fail to let us know of anything on earth that we can do for you here, that you will command us if the arrangements are not satisfactory, or if there is anything in addition that we can do to contribute to your happiness. We have such an organization that it will not be in the least difficult to communicate at any time your wants and desires. We have a military and naval aid assigned to each delegation. They will translate your wants into realities.

The Secretary added:

It has occurred to me that possibly you might care to visit the Bureau of Engraving and Printing this afternoon, which is one of the handsome new buildings of the city. Here the Government prints all of its paper money, stamps, and securities. I think we do some work at times for our sister Republics. We shall have automobiles meet you at the hotel at 1.30 p. m.

• The formal opening of the conference took place on Monday morning, May 24. At this session the President of the United States delivered an address (see p. 87), and a formal welcome on behalf of the Government of the United States was extended to the delegates by the Secretary of State (see p. 89). Responses immediately followed by the chairman of each delegation. Shortly after 12 o'clock the members of the conference were received by the President of the United States at the White House.

At the opening of the session of Monday afternoon, May 24, the Secretary of the Treasury delivered an address outlining the purposes of the conference and pointing out the results that could be accomplished through the interchange of opinion at such an international gathering (see p. 113). The address of the Secretary of the

Treasury was followed by addresses by the Postmaster General, the Hon. Albert S. Burleson (see p. 119), and by the Secretary of Commerce, the Hon. William C. Redfield (see p. 122). At the close of this afternoon's session informal addresses were delivered by several members of the conference, and the Secretary of the Treasury then announced the membership of the group committees.

The session of Tuesday morning, May 25, was devoted to addresses delivered by the Hon. Charles S. Hamlin, Governor of the Federal Reserve Board (see p. 152), and by the Hon. Paul M. Warburg, member of the Federal Reserve Board (see p. 165).

On Tuesday afternoon the group committees met for the first time in the special meeting rooms reserved for them at the Hotel Shoreham. These meetings continued through Tuesday afternoon and all day Wednesday.

In accordance with the plan formulated by the Secretary of the Treasury the representatives from the United States were divided into 18 groups, each group assigned to one of the countries represented at the conference. Each group conference committee was thus composed of the members of an official foreign delegation together with a group of financiers and business men from the United States. The sessions of these group committees were held behind closed doors, thus affording the opportunity for the freest interchange of opinion. The financial and commercial needs of the countries of Central and South America were presented at these sessions, and the representatives of the United States submitted their views as to the best way in which such needs may be met. It is no exaggeration to say that out of these group conferences the foundation was laid for permanent and helpful cooperation between the financiers and merchants of North America and Central and South America.

On Thursday morning, May 27, the fourth general session was held, at which addresses were delivered by the Hon. Joseph E. Davies, Chairman of the Federal Trade Commission (see p. 195), and the Hon. John Barrett, Director General of the Pan American Union (see p. 200). These addresses were followed by some general discussion and by the consideration of a number of matters that had been submitted to the conference during the days immediately preceding.

Friday morning, May 28, was devoted to group conferences. Many of the group committees completed their reports, and at the sixth general session, held Friday afternoon, May 28, announced themselves prepared to submit such reports to the conference. The general sessions of Friday afternoon, Saturday morning, and Saturday afternoon were devoted to a presentation and consideration of the reports of the two general committees and of the group committee

reports (see pages 297 and 311ff). A summary of the latter was presented to the conference by the Hon. John Bassett Moore (see pages 250f, 265, 275, 277).

It became apparent early in the proceedings of the Conference that the subject that was uppermost in the minds of all delegates was the improvement of transportation and means of communication, especially of shipping facilities between the United States and the countries of Central and South America. At the suggestion of several delegations, a "General Committee on Transportation and Means of Communication" was appointed by the chairman of the Conference. This committee was composed as follows:

GENERAL COMMITTEE ON TRANSPORTATION AND COMMUNICATION.

ARGENTINE DELEGATION :

Señor Dr. Samuel Hale Pearson.
Señor Dr. Ricardo C. Aldao.
Señor Dr. V. Villamil.
Señor Dr. John E. Zimmerman.

BRAZILIAN DELEGATION :

Senhor Dr. Amaro Cavalcanti.

CHILEAN DELEGATION :

Señor Dr. Luis Izquierdo.
Señor Dr. Augusto Villanueva.
Señor Dr. Gonzalo Vergara Bulnes.

ECUADOREAN DELEGATION :

Señor Dr. Vicente Gonzales B.

PERUVIAN DELEGATION :

Señor Dr. Isaac Alzamora.
Señor Dr. Eduardo Higginson.

URUGUAYAN DELEGATION :

Señor Dr. Pedro Cosío.
Señor Dr. Gabriel Terra.
Señor Dr. Carlos María de Pena.

REPRESENTATIVES OF THE UNITED STATES :

The Hon. D. R. Francis.
The Hon. Edward M. Hurley.
Mr. Franklin Q. Brown.
Mr. Paul Fuller.
Mr. George W. Norris.
Mr. R. Goodwin Rhett.
Mr. Sol Wexler.
Mr. Harry A. Wheeler.
Mr. J. G. White.

This committee held several sessions and its report will be found in the proceedings, page 305.

Another general committee appointed by the chairman of the Conference was intrusted with the consideration of "Uniformity in the Laws Relating to Trade and Commerce and the Establishment of an

International Commercial Court." This committee was constituted as follows:

Chairman, Honorable WILLIAM C. REDFIELD.

Señor Dr. Samuel Hale Pearson, Argentina.
 Señor Dr. Ignacio Calderón, Bolivia.
 Senhor Dr. Amaro Cavalcanti, Brazil.
 Señor Dr. Luis Izquierdo, Chile.
 Señor Dr. Santiago Pérez Triana, Colombia.
 Señor Dr. Roberto Ancizar, Colombia.
 Señor Dr. John M. Keith, Costa Rica.
 Señor Dr. Pablo Desvernine y Galdós, Cuba.
 Señor Dr. Francisco J. Peynado, Dominican Republic.
 Señor Dr. Vicente Gonzales B., Ecuador.
 Señor Dr. Juan S. Lara, Guatemala.
 Señor Dr. Leopoldo Córdova, Honduras.
 Señor Dr. Pedro Rafael Cuadra, Nicaragua.
 Señor Dr. Ramón F. Acevedo, Panama.
 Señor Dr. William Wallace White, Paraguay.
 Señor Dr. Isaac Alzamora, Peru.
 Señor Dr. Alfonso Quilión M., Salvador.
 Señor Dr. Carlos María de Pena, Uruguay.
 Señor Dr. Pedro Rafael Rincónes, Venezuela.

Members representing the United States:

The Honorable Charles S. Hamlin.
 The Honorable John Barrett.
 The Honorable Charles A. Conant.
 The Honorable David R. Francis.
 The Honorable John Hays Hammond.
 The Honorable John Bassett Moore.
 The Honorable Robert W. Woolley.
 Mr. George H. Numsen.
 Mr. W. L. Saunders.
 Mr. Benjamin Strong, jr.
 Mr. Willard Straight.
 Mr. Samuel Untermyer.

This committee held several sessions, and in the final report recommended the establishment of an International High Commission, composed of nine members resident in each country represented at the Conference appointed by the respective ministers of finance. (For report see p. 299.)

The final sessions of the Conference were held on Saturday morning and Saturday afternoon, May 29, at which further consideration was given to the reports of the general committees and the group committees.

On Saturday evening, May 29, the Secretary of the Treasury tendered a banquet to the members of the Conference, at which a series of addresses were delivered. (See p. 469.)

Adequate accommodations for so important a Conference were made possible by the generosity of the members of the Governing

Board of the Pan American Union, who placed their magnificent building at the disposal of the Conference. That we were able to meet every requirement for the general sessions as well as for the general committee meetings is due to the efficient executive organization of the Director General of the Pan American Union, the Hon. John Barrett, and I desire to take this opportunity to record a deep sense of obligation to the governing board of the Pan American Union, as well as to the Director General, for their cordial co-operation.

This report would be incomplete were I not to avail myself of the opportunity to express to you, Mr. Secretary, my most sincere appreciation of the cordial and earnest support which you gave to the secretary general's office during the period immediately preceding the Conference as well as during the sessions. I also desire to express a deep sense of obligation to the Hon. Andrew J. Peters, Assistant Secretary of the Treasury, for most helpful assistance, as well as to the assistant secretaries general, Messrs. Gittings, Parker, Miles, and Sands.

Immediately upon the adjournment of the Conference the problem which confronted the Secretary of the Treasury was to make the work of the Conference effective and to give to it a permanent organization. With this end in view, four important steps are to be taken: First, the appointment by the Finance Minister or Secretary of the Treasury of each of the countries represented at the Conference of an International High Commission composed of nine members from each country. The mission of these commissions is to bring about greater uniformity in legislation relating to trade and commerce and in business methods and procedure, and also to promote the establishment of an international commercial court. Secondly, the appointment of permanent group committees in the United States, each committee assigned to one of the countries represented at the Conference. These committees are to serve as centers of information to which financiers and merchants both in the United States and in the countries to which such committees are assigned may refer for information and guidance. Third, the appointment of a committee to arrange for a visit of American financiers and business men to Central and South America. This committee is appointed in response to an invitation extended by the foreign delegations of the countries represented at the Conference. Fourth, the taking of such steps as may tend toward the solution of the problem of efficient transportation and communication between the Americas.

This Financial Conference marks an epoch in the relations between the United States and the countries of Central and South America. In one sense, the questions discussed were of a material character,

but it is through the spirit of cooperation developed in the solution of these material problems that the foundations are laid for that closer relationship and spirit of unity which mean so much to the nations of the American Continent and without which they can not hope to fulfill the world mission which they are called upon to perform.

I beg, sir, to remain, your obedient servant,

L. S. ROWE,
Secretary General.

To the Honorable

WILLIAM GIBBS MCADOO,
Secretary of the Treasury.

98257°—15—3

PROGRAM OF THE CONFERENCE
AND LIST OF QUESTIONS SUB-
MITTED BY THE SECRETARY OF
THE TREASURY FOR CONSIDERA-
TION OF THE CONFERENCE

PROGRAM OF THE PAN-AMERICAN FINANCIAL
CONFERENCE

PRESIDING OFFICER

THE SECRETARY OF THE TREASURY

The HONORABLE WILLIAM G. MCADOO

HONORARY PRESIDENTS.

Their Excellencies the Ministers of Finance—

Señor Dr. ENRIQUE CARBO	Argentina.
Señor Dr. CASTO ROJAS	Bolivia.
Senhor Dr. SABINO BARROSO	Brazil.
Señor Dr. ALBERTO EDWARDS	Chile.
Señor Dr. JORGE VÉLEZ	Colombia.
Señor Dr. MARIANO GUARDIA CARAZO	Costa Rica.
Señor Dr. LEOPOLDO CANCIO E	Cuba.
Señor Dr. SALVADOR B. GAUTIER	Dominican Republic.
Señor Dr. AGUSTIN CABEZAS	Ecuador.
Señor Dr. GUILLERMO AGUIRRE	Guatemala.
Señor General LEOPOLDO CÓRDOVA	Honduras.
Señor Dr. EULOGIO CUADRA	Nicaragua.
Señor Dr. ARISTIDES ARJONA	Panama.
Señor Dr. JERÓNIMO ZUBIZARRETA	Paraguay.
Señor Dr. LINO FELYSE VILLARÁN	Peru.
Señor Dr. SAMUEL LUNA	Salvador.
Señor Dr. PEDRO COSIO	Uruguay.
Señor Dr. RÓMAN CÁRDENAS	Venezuela.

VICE PRESIDENTS.

The Honorable ANDREW J. PETERS, Assistant Secretary of the Treasury.

Señor Dr. SAMUEL HALE PEARSON, Chairman of Argentina Delegation.

Señor Dr. IGNACIO CALDERÓN, Chairman of Bolivia Delegation.

Senhor Dr. AMARO CAVALCANTI, Chairman of Brazil Delegation.

Señor Dr. LUIS IzQUIERDO, Chairman of Chile Delegation.

Señor Dr. SANTIAGO PÉREZ TRIANA, Chairman of Colombia Delegation.

Señor Dr. MARIANO GUARDIA CARAZO, Chairman of Costa Rica Delegation.

Señor Dr. PABLO DESVERNINE Y GALDÓS, Chairman of Cuba Delegation.

Señor Dr. FRANCISCO J. PEYNADO, Chairman of Dominican Republic Delegation.

Señor Dr. JUAN CUEVA GARCÍA, Chairman of Ecuador Delegation.

Señor Dr. VÍCTOR SÁNCHEZ OCAÑA, Chairman of Guatemala Delegation.

Señor Dr. LEOPOLDO CÓRDOVA, Chairman of Honduras Delegation.

Señor Dr. PEDRO RAFAEL CUADRA, Chairman of Nicaragua Delegation.

Señor Dr. ARISTIDES ARJONA, Chairman of Panama Delegation.

Señor Dr. HÉCTOR VELÁZQUEZ, Chairman of Paraguay Delegation.

Señor Dr. ISAAC ALZAMORA, Chairman of Peru Delegation.

Señor Dr. ALFONSO QUIÑÓNEZ M., Chairman of Salvador Delegation.

Señor Dr. PEDRO COSIO, Chairman of Uruguay Delegation.

Señor Dr. PEDRO RAFAEL RINCONES, Chairman of Venezuela Delegation.

OFFICIAL DELEGATIONS.

ARGENTINA :*

Señor Dr. Samuel Hale Pearson.

Señor Dr. Ricardo C. Aldao.

Señor Dr. V. Villamil.

BOLIVIA :

Señor Dr. Ignacio Calderón.

Señor Dr. Adolfo Ballivián.

BRAZIL :

Senhor Dr. Amaro Cavalcanti.

CHILE :

Señor Dr. Luis Izquierdo.

Señor Dr. Augusto Villanueva.

Señor Dr. Gonzalo Vergara Bulnes.

COLOMBIA :

Señor Dr. Santiago Pérez Triana.

Señor Dr. Roberto Ancízar.

COSTA RICA :

Señor Dr. Mariano Guardia Carazo.

Señor Dr. John M. Keith.

CUBA :

Señor Dr. Pablo Desvernine y Galdós.

Señor Dr. Porfirio Franca y Álvarez de la Campa.

Señor Dr. Octavio Zayas y Adán.

DOMINICAN REPUBLIC :

Señor Dr. Francisco J. Peynado.

Señor Dr. Enrique Jiménez.

ECUADOR :

Señor Dr. Juan Cueva García.

Señor Dr. Vicente Gonzales B.

Señor Dr. Enrique Gallardo.

GUATEMALA :

Señor Dr. Víctor Sánchez Ocaña.

Señor Dr. Carlos Herrera.

Señor Dr. Juan S. Lara.

* Dr. Villamil and Mr. John E. Zimmermann attended the conference as representatives of the Buenos Aires Chamber of Commerce.

HONDURAS:

Señor Dr. Leopoldo Córdova.

Señor Dr. Daniel Fortín.

NICARAGUA:

Señor Dr. Pedro Rafael Cuadra.

Señor Dr. Albert Strauss.

Señor Dr. Clifford D. Ham.

PANAMA:

Señor Dr. Aristides Arjona.

Señor Dr. Ramón F. Acevedo.

Señor Dr. Ramón Arias, Jr.

PARAGUAY:

Señor Dr. Héctor Velázquez.

Señor Dr. William Wallace White.

PERU:

Señor Dr. Isaac Alzamora.

Señor Dr. Eduardo Higginson.

SALVADOR:

Señor Dr. Alfonso Quiñónes.

Señor Dr. José E. Suay.

Señor Dr. Roberto Aguilar.

URUGUAY:

Señor Dr. Pedro Cosío.

Señor Dr. Gabriel Terra.

Señor Dr. Carlos María de Pena.

VENEZUELA:

Señor Dr. Pedro Rafael Rincones

**MEMBERS OF THE DIPLOMATIC CORPS INVITED TO ATTEND
THE CONFERENCE.**

His Excellency the Ambassador of Argentina.

His Excellency the Ambassador of Brazil.

His Excellency the Ambassador of Chile.

The Minister of Bolivia.

The Minister of Colombia.

The Minister of Costa Rica.

The Minister of Cuba.

The Minister of the Dominican Republic.

The Minister of Ecuador.

The Minister of Guatemala.

The Minister of Honduras.

The Minister of Nicaragua.

The Minister of Panama.

The Minister of Paraguay.

The Minister of Peru.

The Minister of Salvador.

The Minister of Uruguay.

The Minister of Venezuela.

REPRESENTATIVES OF THE UNITED STATES IN ATTENDANCE AT THE CONFERENCE.

- Aerts, G. A., Chamber of Commerce, Cincinnati. (Costa Rica.)
Allen, Frederic W., Lee Higginson & Co., Boston [vice J. J. Storrow]. (Peru.)
Ardrey, J. Howard, Cashier City National Bank, Dallas. (Salvador.)
Arnold, J. J., Banker, Chicago. (Peru.)
Austin, Richard L., Chairman Federal Reserve Bank, 408 Chestnut Street, Philadelphia. (Nicaragua.)
Babson, Roger W., Statistician, Boston. (Peru.)
Bancroft, Chas. G., President International Trust Co., Boston.
Barrett, Hon. John, Director-General Pan-American Union, Washington.
Bippus, W. F., Treasurer National Cash Register Co., Dayton. (Bolivia.)
Bixby, William K., American Car & Foundry Co., St. Louis. (Uruguay.)
Boyd, L. C., Banker, Indianapolis. (Paraguay.)
Brand, Charles J., Chief, Office of Markets and Rural Organization, Department of Agriculture, Washington. (Costa Rica.)
Brown, F. Q., Redmond & Co., New York. (Cuba.)
Brown, James, New York. (Nicaragua.)
Bryan, Hon. Wm. Jennings, Secretary of State, Calumet Place, NW., Washington.
Burke, John, Treasurer of the United States, Washington. (Salvador.)
Burleson, Hon. Albert Sidney, Postmaster General, 1901 F Street, NW., Washington.
Butterworth, William, President Deere & Co., Moline, Ill. (Uruguay.)
Clausen, John, Manager Foreign Department, Crocker National Bank, San Francisco. (Ecuador.)
Clapham, A. G., President Commercial National Bank, Washington. (Panama.)
Conant, Charles A., 32 Liberty Street, New York. (Cuba.)
Conklin, Franklin, Newark. (Ecuador.)
Cone, Caesar, Cotton Manufacturer, Greensboro. (Brazil.)
Coolidge, J. Randolph, Architect, Boston. (Panama.)

- Cornell, Charles L., Treasurer Niles-Bement-Pond Co., 111 Broadway, New York. (Venezuela.)
- Crane, Charles R., Manufacturer, Chicago. (Panama.)
- Curtiss, Frederic R., Chairman Federal Reserve Bank, 53 State Street, Boston. (Salvador.)
- Davies, Hon. Joseph E., Chairman Federal Trade Commission, 2117 Le Roy Place, NW., Washington. (Colombia.)
- Deans, H. G. P., Manager Foreign Department, Merchants' Loan & Trust Co., Chicago. (Salvador.)
- Delano, Frederick A., Vice-Governor Federal Reserve Board, 1128 Sixteenth Street, Washington. (Argentina.)
- De Lanoy, William C., Director Bureau of War Risk Insurance, Treasury Department, Washington. (Honduras.)
- de Lima, E. A., Banker, 58 West Eighth Street, New York. (Costa Rica.)
- de Navarro, Alfonso, Vice President Atlas Portland Cement Co., New York. (Paraguay.)
- Douglas, William H., Merchant, New York. (Peru.)
- Downey, Hon. George E., Comptroller of the Treasury, Washington.
- Duval, G. L., 25 Broad Street, New York. (Peru.)
- Eaton, Frederick H., President American Power & Foundry Co., New York. (Chile.)
- Edson, John Joy, President Washington Loan & Trust Co., Washington. (Venezuela.)
- Eldridge, H. R., Vice President National City Bank, New York. (Uruguay.)
- Elliott, Hon. Milton C., Counsel Federal Reserve Board, Washington. (Bolivia.)
- Emerson, Guy, 80 Wall Street, New York. (Dominican Republic.)
- Erskine, A. R., The Studebaker Corporation of South Bend, Ind. (Paraguay.)
- Esberg, A. I., 1020 Second Avenue, New York. (Cuba.)
- Fahey, John H., President of the United States Chamber of Commerce, Tremont Building, Boston. (Paraguay.)
- Fairchild, Samuel W., Fairchild Bros. & Foster, New York. (Peru.)
- Falconer, Charles E., President Merchant and Manufacturers Association, Baltimore. (Dominican Republic.)
- Fancher, E. R., Governor Federal Reserve Bank, Williamson Building, Cleveland. (Dominican Republic.)
- Farquhar, A. B., A. B. Farquhar & Co., New York. (Cuba.)
- Farrell, James A., President U. S. Steel Corporation, New York.
- Fisher, Edmund D., Banker, City Deputy Controller, New York. (Honduras.)
- Flint, Charles R., 25 Broad Street, New York. (Chile.)
- Flood, Hon. Henry D., Member of Congress, Virginia. (Argentina.)
- Forgan, J. B., President First National Bank, Chicago. (Brazil.)

- Francis, Hon. David R., Ex-Governor of Missouri. St. Louis. (Guatemala.)
- Fredrick, Leopold, 165 Broadway, New York. (Chile.)
- Fuerth, Otto H., 60 Wall Street, New York. (Bolivia.)
- Fuller, Paul, New York. (Cuba.)
- Galliher, W. T., President American National Bank, Washington. (Honduras.)
- Gary, Elbert H., Chairman Board, U. S. Steel Corporation, New York. (Argentina.)
- Given, T. H., President Farmers' Deposit & National Bank, Pittsburg. (Ecuador.)
- Goldstein, L. S., New Orleans. (Honduras.)
- Goodhue, F. A., Vice President First National Bank, Boston. (Bolivia.)
- Goodwin, Elliot H., Secretary U. S. Chamber of Commerce, Washington. (Salvador.)
- Gorrell, Frank E., Secretary National Cannery Association, Washington. (Colombia.)
- Grace, Joseph P., 1 Hanover Square, New York. (Peru.)
- Green, C. A., Foreign Department R. G. Dun & Co., New York. (Chile.)
- Grevstad, Hon. N. A., United States E. E. and M. P. to Uruguay and Paraguay. (Uruguay)
- Gregory, Hon. Thomas Watt, Attorney General, 1532 Sixteenth Street, Washington.
- Hamlin, Hon. Charles S., Governor Federal Reserve Board, 1515 Massachusetts Avenue, Washington. (Chile.)
- Hammond, Hon. John Hays, Engineer, New York.
- Harding, Hon. W. P. G., Member Federal Reserve Board, 1855 Wyoming Avenue, Washington. (Peru.)
- Hardy, Caldwell, Banker, Norfolk. (Costa Rica.)
- Harper, Robert N., President District National Bank, Washington. (Costa Rica.)
- Harris, A. M., Harris, Forbes & Co., New York. (Honduras.)
- Harris, Hon. William J., Commissioner Federal Trade Commission, 2024 O Street, NW., Washington. (Venezuela.)
- Hart, Francis R., Old Colony Trust Co., Boston. (Colombia.)
- Hastings, S. M., Illinois Manufacturers' Association, Chicago. (Bolivia.)
- Hepburn, A. B., Chairman of Board, Chase National Bank, New York. (Paraguay.)
- Hollander, Prof. J. H., Johns Hopkins University, Baltimore. (Dominican Republic.)
- Holliday, John H., President Union Trust Co., Indianapolis. (Bolivia.)
- Horton, Elias Q., Otis Elevator Co. (Brazil.)

- Howard, A. B., Manager South American Department American Express Company, 65 Broadway, New York. (Panama.)
- Hurley, Hon. Edward N., Federal Trade Commission, Washington. (Bolivia.)
- Imhoff, C. H., Vice President Irving National Bank, New York. (Honduras.)
- Ingle, William, Chairman Federal Reserve Bank, 1109 East Main Street, Richmond. (Nicaragua.)
- Jaffray, C. T., Vice President First National Bank, Minneapolis.
- Jay, Pierre, Chairman Federal Reserve Bank, 62 Cedar Street, New York. (Guatemala.)
- Johnson, Alba B., President Baldwin Locomotive Works, Philadelphia. (Chile.)
- Johnston, Archibald, First Vice President Bethlehem Steel Corporation, 111 Broadway, New York. (Chile.)
- Jones, De Witt Clinton, American Dyewood Co., 80 Maiden Lane, New York. (Honduras.)
- Jordan, G. G., Banker, Columbus, Ga. (Dominican Republic.)
- Joy, Benjamin, Cashier National Shawmut Bank, Boston. (Argentina.)
- Keith, Charles S., Keith & Perry, Kansas City. (Uruguay.)
- Kelly, N. B., General Secretary Chamber of Commerce, Philadelphia. (Costa Rica.)
- Kent, Fred I., Vice President Bankers Trust Co., New York. (Ecuador.)
- Kies, W. S., Foreign Trade Department National City Bank, New York. (Brazil.)
- Kiler, Charles A., Champaign, Ill. (Costa Rica.)
- Kretz, George H., National Park Bank, New York. (Peru.)
- Lage, Frederico, Mechanics & Metals National Bank, New York. (Brazil.)
- Le Gendre, William C., New York. (Uruguay.)
- Loeb, William, Jr., American Smelting & Refining Co., New York. (Cuba.)
- Lyerly, Charles A., President First National Bank, Chattanooga. (Venezuela.)
- McChord, Joseph A., Governor Federal Reserve Bank, Hurt Building, Edgewood Avenue and Exchange Place, Atlanta. (Ecuador.)
- McCrosky, Jas. Warren, J. G. White & Co., New York. (Honduras.)
- McQueen, H. C., Banker, Wilmington, N. C. (Salvador.)
- Maddox, Robert F., American National Bank, Atlanta. (Paraguay.)
- Malburn, Hon. Wm. P., Assistant Secretary of the Treasury, Washington. (Guatemala.)
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- Meredith, E. T., Des Moines, Iowa. (Colombia.)
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- Miller, J. Z., Jr., Chairman Federal Reserve Bank, R. A. Long Building, Tenth Street and Grand Avenue, Kansas City. (Panama.)
- Minotto, James, Guaranty Trust Co., New York. (Guatemala.)
- Mitchell, C. D., President Chattanooga Plow Co., Chattanooga. (Peru.)
- Moore, Hon. John Bassett, 267 West Seventy-third Street, New York. (Brazil.)
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- Norris, George W., Banker, Philadelphia. (Panama.)
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- Numsen, Geo. N., President National Cannery Association, Baltimore. (Nicaragua.)
- O'Brien, Hon. Edward C., Ritz Hotel, New York. (Uruguay.)
- Olcott, Hon. J. Van Vechten, President Pan-American States Association, Hotel McAlpin, Greeley Square, New York. (Paraguay.)
- O'Neil, J. F., President Fulton Iron Works, St. Louis. (Bolivia.)
- Osborn, William H., Commissioner of Internal Revenue, The Wyoming, Washington.
- Osborne, Hon. John E., First Assistant Secretary of State, The Connecticut, Washington.
- Owens, Dr. Clarence J., Managing Director Southern Commercial Congress, Southern Building, Washington. (Venezuela.)
- Paine, A. G., Jr., President New York & Pennsylvania Co., New York.
- Parker, Walter, General Manager New Orleans Chamber of Commerce. (Nicaragua.)
- Parry, Hon. William H., Commissioner Federal Trade Commission, Avondale Apartments, 1734 P Street, Washington. (Ecuador.)
- Patchin, Robert H., National Foreign Trade Council, New York. (Paraguay.)
- Penfield, Walter S., Lawyer, Washington.
- Penny, David H. G., Vice President Irving National Bank, New York. (Dominican Republic.)
- Pepper, Charles M., Washington, D. C.

- Perry, Marsden J., President Union Trust Co., Providence. (Guatemala.)
- Peters, Hon. Andrew J., Assistant Secretary of the Treasury, Washington.
- Phillips, Hon. William, Third Assistant Secretary of State, 1535 L Street, Washington.
- Pierson, Lewis E., President Austin Nichols Co., New York. (Costa Rica.)
- Potter, William C., Guaranty Trust Co., New York. (Colombia.)
- Price, Theodore H., 15 Wall Street, New York. (Venezuela.)
- Raskob, John J., Treasurer E. I. du Pont de Nemours Powder Co., Wilmington, Del. (Chile.)
- Redfield, Hon. William Cox, Secretary of Commerce, The Highlands, Washington.
- Reynolds, Geo. M., Commercial & Continental National Bank, Chicago. (Peru.)
- Reynolds, Hon. James B., National Association of Cotton Manufacturers, 602 Wilkins Building, Washington. (Panama.)
- Rhett, R. G., Banker, Charleston, S. C. (Dominican Republic.)
- Rhoads, Charles J., Governor Federal Reserve Bank, 408 Chestnut Street, Philadelphia. (Cuba.)
- Rice, E. W., Jr., President General Electric Co., New York. (Brazil.)
- Rich, John H., Minneapolis, Minn. (Costa Rica.)
- Richards, George H., Foreign Department Remington Typewriter Co., 327 Broadway, New York. (Bolivia.)
- Rossell, John S., Vice President Security Trust & Safe Deposit Co., Wilmington, Del. (Nicaragua.)
- Rovensky, J. E., National Bank of Commerce, New York. (Uruguay.)
- Rowe, W. S., President First National Bank Cincinnati. (Salvador.)
- Ruble, Hon. George, Commissioner Federal Trade Commission, 1105 Sixteenth Street, Washington. (Uruguay.)
- Ryan, John D., President Amalgamated Copper Co., New York. (Chile.)
- Ruperti, J., Amsinck & Co., 6 Hanover Square, New York. (Guatemala.)
- Sachs, Samuel, Goldman, Sachs & Co., 60 Wall Street, New York, (Venezuela.)
- Saunders, W. L., Ingersoll, Rand Co., New York. (Dominican Republic.)
- Schiff, Mortimer L., Kuhn, Loeb & Co., New York. (Argentina.)
- Schmidt, George P., Schmidt & Gallatin, New York. (Argentina.)
- Schoonmaker, S. L., Chairman Board of American Locomotive Co., New York. (Argentina.)

- Seligman, Isaac N., J. W. Seligman & Co., 2 William Street, New York.
- Shapleigh, A. L., President Commercial Club, St. Louis. (Guatemala.)
- Sherrill, Charles H., 30 Broad Street, New York. (Argentina.)
- Shirley, James J., T. A. Gillespie Co., 50 Church Street, New York. (Uruguay.)
- Simmons, W. D., 425 Arch Street, Philadelphia. (Colombia.)
- Smith, Charles E. W., 42 Broadway, New York. (Argentina.)
- Speyer, James, Speyer & Co., New York. (Bolivia.)
- Storrow, James, Lee, Higginson & Co., Boston. (Bolivia.)
- Straight, Willard, J. P. Morgan & Co., New York. (Colombia.)
- Strong, Benjamin, Jr., Governor Federal Reserve Bank, 62 Cedar Street, New York. (Honduras.)
- Sulzberger, G. F., Sulzberger & Sons Co., Forty-fifth Street and First Avenue, New York. (Argentina.)
- Sutter, Charles S., Chairman Executive Committee of Foreign Trade Bureau for the Business Men's League of St. Louis, St. Louis. (Brazil.)
- Swiggett, Dr. Glen L., Pan-American Union, Washington. (Guatemala.)
- Tedcastle, A. W., 89 Beach Street, Boston. (Ecuador.)
- Thomas, E. P., President U. S. Steel Products Co., New York. (Brazil.)
- Thompson, Hon. Arthur, Member of the Nicaraguan Mixed Claims Commission, Woodward Building, Washington. (Nicaragua.)
- Toby, George P., A. B. Leach & Co., New York (vice A. B. Leach). (Honduras.)
- Townley, Calvert, Westinghouse Electric & Manufacturing Co., East Pittsburgh. (Uruguay.)
- Travieso, Hon. Martin, Treasurer of Porto Rico. (Ecuador.)
- Untermeyer, Samuel, Lawyer, New York.
- Vanderlip, Frank A., President National City Bank, New York. (Argentina.)
- Wade, F. J., Banker, St. Louis. (Panama.)
- Warburg, Hon. Paul M., Member Federal Reserve Board, 1704 Eighteenth Street, Washington. (Brazil.)
- Warden, Charles W., First Vice President Continental Trust Co., Washington. (Guatemala.)
- Warfield, Edwin, President Fidelity Trust Co., Baltimore. (Dominican Republic.)
- Warren, Charles B., President Board of Commerce, Detroit. (Venezuela.)
- Wells, Rolla, Governor Federal Reserve Bank, 300 North Broadway, St. Louis. (Paraguay.)

- Wexler, Sol , President Whitney-Central National Bank, New Orleans.
(Nicaragua.)
- Wheeler, Harry A., Vice President Union Trust Co., Chicago.
(Uruguay.)
- White, J. G., President J. G. White & Co., New York. (Argentina.)
- Wiggin, A. H., Chase National Bank, New York. (Ecuador.)
- Williams, Hon. John Skelton, Comptroller of the Currency, 1712 H
Street NW., Washington.
- Williams, R. Lancaster, Middendorf, Williams & Co., Baltimore.
(Venezuela.)
- Willis, H. Parker, Secretary Federal Reserve Board, Washington.
- Wilson, Hon. William Bauchop, Secretary of Labor, 1600 T Street
NW., Washington.
- Wilson, Dr. W. P., Director Commercial Museum, Philadelphia.
(Salvador.)
- Wing, Daniel G., President First National Bank, Boston. (Brazil.)
- Wood, Edward Randolph, Vice President Philadelphia Board of
Trade, Philadelphia. (Nicaragua.)
- Woolley, Hon. Robert W., Director of the Mint, Washington.
- Yánes, Francisco J., Assistant Director General Pan-American
Union, Washington. (Venezuela.)

ARGENTINA.

CONFERENCE COMMITTEE.

Chairman.

HON. SAMUEL HALE PEARSON.

Official Delegation.

HON. SAMUEL HALE PEARSON.

HON. RICARDO C. ALDAO.

HON. V. VILLAMIL.*

Special Guest of the Secretary of the Treasury.

HIS EXCELLENCY THE ARGENTINE AMBASSADOR.

Representatives from the United States.

Delano, Hon. F. A., Vice-Governor Federal Reserve Board, Washington.

Flood, Hon. Henry D., Member of Congress, Appomattox, Va.

Gary, Elbert H., U. S. Steel Corporation, New York.

Joy, Benjamin, National Shawmut Bank, Boston.

Schiff, Mortimer L., Kuhn, Loeb & Co., New York.

Schmidt, George P., Schmidt & Gallatin, New York.

Schoonmaker, S. L., American Locomotive Co., New York.

Sherrill, Hon. Charles H., New York.

Smith, Charles E. W., New York.

Sulzberger, G. F., Sulzberger & Sons Co., New York.

Vanderlip, Frank A., President National City Bank, New York.

White, J. G., J. G. White & Co., New York.

J. de Jara Almonte, Group Secretary.

* Dr. Villamil and Mr. John E. Zimmermann attended the conference as representatives of the Buenos Aires Chamber of Commerce.

BOLIVIA.

CONFERENCE COMMITTEE.

Chairman.

HON. IGNACIO CALDERÓN.

Official Delegation.

HON. IGNACIO CALDERÓN.

HON. ADOLFO BALLIVIÁN.

Special Guest of the Secretary of the Treasury.

**THE ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY OF
BOLIVIA.**

Representatives from the United States.

Hurley, Hon. Edward N., Federal Trade Commission, Washington.
Bippus, W. F., Treasurer National Cash Register Co., Dayton, Ohio.
Elliott, Hon. Milton C., Counsel Federal Reserve Board, Washington.
Fuerth, Otto H., New York.
Goodhue, F. A., Vice President First National Bank, Boston.
Hastings, S. M., Illinois Manufacturers' Association, Chicago.
Holliday, John H., President Union Trust Co., Indianapolis.
O'Neil, J. F., President Fulton Iron Works, St. Louis.
Richards, George H., Remington Typewriter Co., New York.
Speyer, James, Speyer & Co., New York.
Storrow, James J., Boston.

J. C. Luitweiler, Group Secretary.

BRAZIL.

CONFERENCE COMMITTEE.

Chairman.

HON. AMARO CAVALCANTI.

Official Delegation.

HON. AMARO CAVALCANTI.*

Secretary of Delegation: SENHOR JOAQUIM PECEJO.

Special Guest of the Secretary of the Treasury.

HIS EXCELLENCY THE BRAZILIAN AMBASSADOR.

Representatives from the United States.

Warburg, Hon. Paul M., Federal Reserve Board, Washington.

Cone, Caesar, Greensboro, N. C.

Forgan, J. B., President First National Bank, Chicago.

Horton, Elias Q., Otis Elevator Co.

Lage, Frederic, New York.

Kies, W. S., New York.

Moore, Hon. John Bassett, New York.

Morgan, J. P., J. P. Morgan & Co., New York.

Rice, E. W., President General Electric Co., New York.

Sutter, Charles S., St. Louis.

Thomas, E. P., President United States Steel Products Co., New York.

Wing, Daniel G., President First National Bank, Boston.

Charles Ray Dean, Group Secretary.

* Representing also the International Chamber of Commerce of Brazil.

CHILE.

CONFERENCE COMMITTEE.

Chairman.

HON. LUIS IZQUIERDO.

Official Delegation.

HON. LUIS IZQUIERDO.

HON. AUGUSTO VILLANUEVA.

HON. GONZALO VERGARA BULNES.

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HIS EXCELLENCY THE AMBASSADOR OF CHILE.

Representatives from the United States.

Hamlin, Hon. Charles S., Governor Federal Reserve Board, Washington.

Eaton, Frederick H., President American Power & Foundry Co., New York.

Flint, Charles R., New York.

Fredrick, Leopold, New York.

Green, C. A., R. G. Dun & Co.

Johnson, Alba B., President Baldwin Locomotive Works, Philadelphia.

Johnston, Archibald, First Vice President Bethlehem Steel Corporation, New York.

Norton, Charles D., First National Bank, New York.

Roskob, John J., Treasurer E. I. du Pont de Nemours Powder Co.

Ryan, John D., President Amalgamated Copper Co., New York.

S. Martínez de Alva, Group Secretary.

COLOMBIA.

CONFERENCE COMMITTEE.

Chairman.

HON. SANTIAGO PÉREZ TRIANA.

Official Delegation.

HON. SANTIAGO PÉREZ TRIANA.

HON. ROBERTO ANCÍZAR.

Secretary of Delegation, SEÑOR GABRIEL LLOPIO.

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THE ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY OF
COLOMBIA.

Representatives from the United States.

Davies, Hon. Jos. E., Chairman Federal Trade Commission, Washington.

Gorrell, Frank E., Secretary National Canners' Association, Washington.

Hart, Francis R., Old Colony Trust Co., Boston.

Meredith, E. T., Des Moines, Iowa.

Muchnic, Charles, Manager Foreign Sales Department, American Locomotive Co., New York.

Potter, W. C., Guaranty Trust Co., New York.

Simmons, W. D., Simmons Hardware Co., Philadelphia.

Straight, Willard, J. P. Morgan & Co., New York.

J. A. Dunaway, Group Secretary.

COSTA RICA.

CONFERENCE COMMITTEE.

Chairman.

HON. MARIANO GUARDIA CARAZO.

Official Delegation.

HON. MARIANO GUARDIA CARAZO.

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THE ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY OF
COSTA RICA.

Representatives from the United States.

Newton, Hon. Byron R., Assistant Secretary, Treasury Department,
Washington.

Aerts, G. A., Export Manager Rudolph Wurlitzer Co., Cincinnati.

Brand, Charles J., Department of Agriculture.

de Lima, E. A., 58 West Eighth Street, New York.

Hardy, Caldwell, Norfolk, Va.

Harper, R. N., President District National Bank, Washington.

Kelly, N. B., General Secretary Chamber of Commerce, Philadelphia.

Kiler, Charles A., Champaign, Ill.

Pierson, Lewis E., President Austin Nichols Co., New York.

Rich, John H., Minneapolis.

Theo. G. Lurman, Jr., Group Secretary.

CUBA.

CONFERENCE COMMITTEE.

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HON. PABLO DESVERNINE Y GALDÓS.

Official Delegation.

HON. PABLO DESVERNINE Y GALDÓS.

HON. PORFIRIO FRANCA Y ÁLVAREZ DE LA CAMPA.

HON. OCTAVIO ZAYAS Y ADÁN.

Secretary of Delegation, SEÑOR JUAN A. SOLBERG.

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THE ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY CUBA.

Representatives from the United States.

Miller, Hon. Adolph C., Federal Reserve Board, Washington.

Brown, F. Q., Redmond & Co., New York.

Conant, Charles A., New York.

Esberg, A. I., New York.

Farquhar, A. B., A. B. Farquhar & Co., New York.

Fuller, Paul, New York.

Loeb, Wm., jr., American Smelting & Refining Co., New York.

Rhoads, Charles J., Governor Federal Reserve Bank, Philadelphia.

C. H. Crennan, Group Secretary.

DOMINICAN REPUBLIC.

CONFERENCE COMMITTEE.

Chairman.

HON. FRANCISCO J. PEYNADO.

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HON. FRANCISCO J. PEYNADO.

HON. ENRIQUE JIMÉNEZ.

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THE ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY OF
THE DOMINICAN REPUBLIC.

Representatives from the United States.

Fancher, E. R., Governor Federal Reserve Bank, Cleveland.

Emerson, Guy, New York.

Falconer, Charles E., President Merchants & Manufacturers' Association, Baltimore.

Hollander, Prof. J. H., Johns Hopkins University, Baltimore.

Jordan, G. G., Columbus.

Penny, David H. G., Vice President Irving National Bank, New York.

Pepper, Charles M., Washington.

Rhett, R. G., Charleston, S. C.

Saunders, W. L., Ingersoll, Rand Co., New York.

Warfield, Edwin, Baltimore.

Dr. G. A. Sherwell, Group Secretary.

ECUADOR.

CONFERENCE COMMITTEE.

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HON. JUAN CUEVA GARCÍA.

Official Delegation.

HON. JUAN CUEVA GARCÍA.

HON. VICENTE GONZALES B.

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THE ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY OF ECUADOR.

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Parry, Hon. Will H., Federal Trade Commission, Washington.

Clausen, John, Crocker National Bank, San Francisco.

Conklin, Franklin, Newark, N. J.

Given, T. H., President Farmers' Deposit & National Bank.

Kent, Fred I., Vice President Bankers' Trust Co., New York.

McChord, Joseph A., Governor Federal Reserve Bank, Atlanta.

Tedcastle, A. W., Boston.

Travieso, Hon. Martín, Treasurer of Porto Rico.

Wiggin, A. H., Chase National Bank, New York.

Charles F. Baker, Group Secretary.

GUATEMALA.

CONFERENCE COMMITTEE.

Chairman.

HON. VÍCTOR SÁNCHEZ OCAÑA.

Official Delegation.

HON. VÍCTOR SÁNCHEZ OCAÑA.

HON. CARLOS HERRERA.

HON. JUAN S. LARA.

Secretary of Delegation, LIC. VIRGILIO RODRÍGUEZ BETETA.

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**The ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY OF
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Representatives from the United States.

**Malburn, Hon. Wm. P., Assistant Secretary, Treasury Department,
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Francis, Hon. David R.

Jay, Pierre, Chairman Federal Reserve Bank, New York.

Minotto, James, Guaranty Trust Co., New York.

Perry, Marsden J., Providence.

Rupert, J., G. Amsinck & Co., New York.

Shapleigh, A. L., President Commercial Club, St. Louis.

Swiggett, Dr. Glen L., Pan-American Union, Washington.

**Warden, Charles W., First Vice President Continental Trust Co.,
Washington.**

H. N. Branch, Group Secretary.

HONDURAS.

CONFERENCE COMMITTEE.

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HON. LEOPOLDO CÓRDOVA.

HON. DANIEL FORTÍN.

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Representatives from the United States.

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DeLanoy, William C., Director Bureau of War Risk Insurance,
Treasury Department, Washington.

Fisher, Edmund D., City Deputy Comptroller, New York.

Gallihier, W. T., President American National Bank, Washington.

Goldstein, L. S., New Orleans.

Harris, A. M., Harris, Forbes & Co., New York.

Imhoff, C. H., Vice President Irving National Bank, New York.

Jones, De Witt Clinton, American Dyewood Co., New York.

McCrosky, James Warren, J. G. White & Co., New York.

Toby, Geo. P., A. B. Leach & Co., New York.

Esteban S. Garcíá, Group Secretary.

NICARAGUA.

CONFERENCE COMMITTEE.

Chairman.

HON. PEDRO RAFAEL CUADRA.

Official Delegation.

HON. PEDRO RAFAEL CUADRA.

HON. ALBERT STRAUSS.

HON. CLIFFORD D. HAM.

Special Guest of the Secretary of the Treasury.

THE ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY OF
NICARAGUA.

Representatives from the United States.

Ingle, Wm., Chairman Federal Reserve Bank, Richmond.

Austin, Richard L., Chairman Federal Reserve Bank, Philadelphia.

Brown, James, Brown Bros. & Co., New York.

Numsen, George N., President National Cannery Association, Baltimore.

Parker, Walter, Manager New Orleans Chamber of Commerce.

Rossell, John S., Vice President Security Trust & Safe Deposit Co.,
Wilmington, Del.

Thompson, Hon. Arthur, Woodward Building, Washington.

Wexler, Sol, President Whitney-Central National Bank, New Orleans.

Wood, E. R., Vice President Board of Trade, Philadelphia.

A. González-Lamas, Group Secretary.

PANAMA.

CONFERENCE COMMITTEE.

Chairman.

HON. ARISTIDES ARJONA.

Official Delegation.

HON. ARISTIDES ARJONA.

HON. RAMÓN F. ACEVEDO.

HON. RAMÓN ARIAS, JR.

Secretary of Delegation, SEÑOR W. R. WILFORD.

Special Guest of the Secretary of the Treasury.

THE ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY OF
PANAMA.

Representatives from the United States.

Miller, J. Z., Jr., Chairman Federal Reserve Bank, Kansas City.

Clapham, A. G., President Commercial National Bank, Washington.

Coolidge, J. Randolph, Boston.

Crane, Charles R., Chicago.

Howard, A. B., American Express Co., Washington.

Norris, George W., Philadelphia.

Reynolds, Hon. James B., National Association of Cotton Manufacturers, Washington.

Wade, F. J., St. Louis.

Walter S. Penfield, Group Secretary.

PARAGUAY.

CONFERENCE COMMITTEE.

Chairman.

HON. HÉCTOR VELÁZQUEZ.

Official Delegation.

HON. HÉCTOR VELÁZQUEZ.

HON. WILLIAM WALLACE WHITE.

Special Guest of the Secretary of the Treasury.

THE ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY OF PARAGUAY.

Representatives from the United States.

Wells, Rolla, Governor Federal Reserve Bank, St. Louis.

Boyd, L. C., Indianapolis.

de Navarro, Alfonso, Vice President Atlas Portland Cement Co.,
New York.

Erschine, A. R., South Bend, Ind.

Fahey, John H., President U. S. Chamber of Commerce, Boston, Mass.

Hepburn, A. B., Chase National Bank, New York.

Maddox, Robert F., American National Bank, Atlanta.

Martin, Wm. McC., Chairman Federal Reserve Bank, St. Louis.

Olcott, Hon. J. Van Vechten, President Pan-American States Association, New York.

Patchin, Robert H., New York.

Harold Clarkson, Group Secretary.

PERU.

CONFERENCE COMMITTEE.

Chairman.

HON. ISAAC ALZAMORA.

Official Delegation.

HON. ISAAC ALZAMORA.

HON. EDUARDO HIGGINSON.

Special Guest of the Secretary of the Treasury.

THE ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY
OF PERU.

Representatives from the United States.

Harding, Hon. W. P. G., Federal Reserve Board, Washington.

Allen, F. W., Old Colony Trust Co., Boston.

Arnold, J. J., First National Bank, Chicago.

Babson, Roger W., Boston.

Douglas, Wm. H., New York.

Duval, G. L., Wessell Duval & Co., New York.

Fairchild, Samuel W., Fairchild Bros. & Foster, New York.

Grace, Joseph P., New York.

Kretz, George H., National Park Bank, New York.

Meeker, Arthur, Armour Grain Co., Chicago.

Mitchell, C. D., President Chattanooga Plow Co., Chattanooga.

Reynolds, Geo. M., Commercial & Continental National Bank,
Chicago.

Dr. Harry Erwin Bard, Group Secretary.

SALVADOR.

CONFERENCE COMMITTEE.

Chairman.

HON. ALFONSO QUIÑÓNEZ M.

Official Delegation.

HON. ALFONSO QUIÑÓNEZ M.

HON. JOSÉ E. SUAY.

HON. ROBERTO AGUILAR.

Special Guest of the Secretary of the Treasury.

THE ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY OF
SALVADOR.

Representatives from the United States.

Burke, Hon. John, Treasurer of the United States.

Ardrey, J. Howard, City National Bank, Dallas, Texas.

Curtiss, Frederic R., Chairman Federal Reserve Bank, Boston.

Deans, H. G. P., Merchants' Loan & Trust Co., Chicago.

Goodwin, Elliot H., Secretary United States Chamber of Commerce,
Washington.

McQueen, H. C., Wilmington, N. C.

Nickerson, J. F., Vice President Association of Commerce, Chicago.

Rowe, W. S., President First National Bank, Cincinnati.

Wilson, Dr. W. P., Director Commercial Museum, Philadelphia.

Constantine E. McGuire, Group Secretary.

URUGUAY.

CONFERENCE COMMITTEE.

Chairman.

HON. PEDRO COSIO.

Official Delegation.

HON. PEDRO COSIO.

HON. GABRIEL TERRA.

HON. CARLOS MARÍA DE PENÁ.

Secretary of Delegation, SEÑOR JOSÉ RICHLING.

Special Guest of the Secretary of the Treasury.

THE ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY OF
URUGUAY.

Representatives from the United States.

Ruble, Hon. George, Federal Trade Commission, Washington.

Bixby, William K., American Car & Foundry Co., St. Louis.

Butterworth, William, President Deere & Co., Moline, Ill.

Eldridge, H. R., Vice President National City Bank, New York.

Grevstad, Hon. N. A., U. S. E. E. & M. P. to Paraguay and Uruguay.

Keith, Charles S., Keith & Perry, Kansas City.

Le Gendre, William C., New York.

O'Brien, Edw. C., New York.

Rovensky, J. F., National Bank of Commerce, New York.

Shirley, James J., T. A. Gillespie Co., New York.

Townley, Calvert, Westinghouse Electric & Mfg. Co., East Pittsburgh.

Wheeler, Harry A., Vice President Union Trust Co., Chicago.

Genaro Silva Rodríguez, Group Secretary.

VENEZUELA.

CONFERENCE COMMITTEE.

Chairman.

HON. PEDRO RAFAEL RINCONES.

Official Delegation.

HON. PEDRO RAFAEL RINCONES.

Special Guest of the Secretary of the Treasury.

THE ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY OF
VENEZUELA.

Representatives from the United States.

Harris, Hon. William J., Federal Trade Commission, Washington.
Cornell, Charles L., Treasurer Niles-Bement-Pond Co., New York.
Edson, John Joy, Washington Loan & Trust Co., Washington.
Lyerly, Charles A., President First National Bank, Chattanooga.
Owens, Dr. Clarence J., Southern Commercial Congress, Washington
Price, Theodore H., New York.
Sachs, Samuel, Goldman, Sachs & Co., New York.
Warren, Charles B., President Board of Commerce, Detroit.
Williams, R. Lancaster, Middendorf, Williams & Co., Baltimore.
Yánes, Francisco J., Assistant Director Pan-American Union, Wash-
ington.

H. Ralph Ringe, Group Secretary.

GENERAL COMMITTEE ON UNIFORMITY OF LAWS RELATING TO TRADE COMMERCE AND INTERNATIONAL COMMERCIAL COURT.

Chairman, Hon. WILLIAM C. REDFIELD.

Señor Dr. Samuel Hale Pearson	Argentina.
Señor Dr. Ignacio Calderón	Bolivia.
Senhor Dr. Amaro Cavalcanti	Brazil.
Señor Dr. Luis Izquierdo	Chile.
Señor Dr. Santiago Pérez Triana	Colombia.
Señor Dr. Roberto Ancízar	Colombia.
Señor Dr. John M. Keith	Costa Rica.
Señor Dr. Pablo Desvernine y Galdós	Cuba.
Señor Dr. Francisco J. Peynado	Dominican Republic.
Señor Dr. Vicente Gonzales B	Ecuador.
Señor Dr. Juan S. Lara	Guatemala.
Señor Dr. Leopoldo Córdova	Honduras.
Señor Dr. Pedro Rafael Cuadra	Nicaragua.
Señor Dr. Ramón F. Acevedo	Panama.
Señor Dr. William Wallace White	Paraguay.
Señor Dr. Isaac Alzamora	Peru.
Señor Dr. Alfonso Quiñónez M	Salvador.
Señor Dr. Carlos María de Pena	Uruguay.
Señor Dr. Pedro Rafael Rincones	Venezuela.

MEMBERS REPRESENTING THE UNITED STATES.

The Honorable Charles S. Hamlin.
 The Honorable John Barrett.
 The Honorable Charles A. Conant.
 The Honorable D. R. Francis.
 The Honorable John Hays Hammond.
 The Honorable John Bassett Moore.
 The Honorable Robert W. Woolley.
 Mr. George H. Numsen.
 Mr. W. L. Saunders.
 M. Willard Straight.
 Mr. Benjamin Strong, Jr.
 Mr. Samuel Untermyer.
 Claud De Baun, Secretary.

GENERAL COMMITTEE ON TRANSPORTATION AND COMMUNICATION.

ARGENTINE DELEGATION:

Señor Dr. Samuel Hale Pearson.
Señor Dr. Ricardo C. Aldao.
Señor Dr. V. Villamil.
Señor John E. Zimmermann.

BRAZILIAN DELEGATION:

Senhor Dr. Amaro Cavalcanti.

CHILEAN DELEGATION:

Señor Dr. Luis Izquierdo.
Señor Dr. Augusto Villanueva.
Señor Dr. Gonzalo Vergara Bulnes.

ECUADOREAN DELEGATION:

Señor Dr. Vicente Gonzales B.

PERUVIAN DELEGATION:

Señor Dr. Isaac Alzamora.
Señor Dr. Eduardo Higginson.

URUGUAYAN DELEGATION:

Señor Dr. Pedro Cosio.
Señor Dr. Gabriel Terra.
Señor Dr. Carlos María de Pena.

REPRESENTATIVES OF THE UNITED STATES:

The Honorable D. R. Francis.
The Honorable Edward N. Hurley.
Mr. Franklin Q. Brown.
Mr. Paul Fuller.
Mr. George W. Norris.
Mr. R. Goodwin Rhett.
Mr. Sol Wexler.
Mr. Harry A. Wheeler.
Mr. J. G. White.

Claud De Baun, Secretary.

**SECRETARY GENERAL OF THE PAN AMERICAN
FINANCIAL CONFERENCE,**

L. S. ROWE, LL. D.

ASSISTANT SECRETARIES GENERAL,

WILLIAM FRANKLIN SANDS.

BASIL MILES.

J. S. GITTINGS, Jr.

J. BROOKS B. PARKER.

BUREAU OF INFORMATION.

The attention of the members of the Conference is called to the fact that the Secretary General has established two offices, one at the Pan American Union (Phone Main 6638, Branch 8) and the other at the Hotel Shoreham (Phone Main 8460).

The Secretary General and the Assistant Secretaries General are at the service of members for such further information as they may wish to secure concerning the Conference.

ANNOUNCEMENT.

The Secretary of the Treasury desires to avail himself of the opportunity furnished by the publication of this program to express to the official delegates, as well as to the invited guests, his sincere appreciation of the warm reception accorded throughout the countries of the American continent to the idea of convening a Pan American Financial Conference. The enthusiastic response to the invitations indicates that the time is ripe for the establishment of closer financial relations between the people of the United States and the nations of Central and South America.

In order that these Conferences may be productive of important and permanent results, the Secretary, interpreting what he believes to be the wish of the members of the Conference, has arranged to have a group of eminent financiers and leading business men of the United States meet with each of the delegations from the sister Republics.

In a sense, therefore, the Conference will partake of the nature of a series of meetings between the official delegates of the Republics invited to participate in the Conference and the representatives of the Secretary of the Treasury. To make this purpose effective, it has been deemed best to reduce to a minimum the number of joint sessions, and to give as much time as possible to the Group or Committee Conferences.

After careful consideration, the Secretary begs to suggest the following questions for the consideration of the Group Committees, and indulges the hope that the meetings of these Committees will afford the opportunity for a free and frank interchange of opinion. The meetings may be of a private and confidential nature, but it is hoped that at the final session the delegates from each of the countries represented at the Conference will submit a report of such of the proceedings and conclusions of the Group Committees or Conferences as they may deem advisable, in order that these reports may be published in the proceedings of the Conference.

QUESTIONS SUGGESTED BY THE SECRETARY OF THE TREASURY FOR THE CONSIDERATION OF THE GROUP COMMITTEES.

I. PUBLIC FINANCE.

- (a) Public Revenues and Expenditures as Affected by Recent Events in Europe.
- (b) Measures Adopted to Meet the Situation.
- (c) Proposed Remedies.
- (d) Possibilities of International Cooperation.

II. THE MONETARY SITUATION.

- (a) Conditions Prior to the Outbreak of the European War.
- (b) Effects of the War.
- (c) Possibilities of International Cooperation.
- (d) Outlook for Uniform Monetary Standards.

III. THE PRESENT BANKING SITUATION.

- (a) Conditions Existing Prior and Subsequent to the Outbreak of the European War.
- (b) The Establishment of Branch Banks and of Direct Exchange.
- (c) Possibilities of Further International Cooperation.

IV. THE FINANCING OF PUBLIC IMPROVEMENTS.

- (a) The Underwriting of National Loans.
- (b) The Underwriting of Provincial or State Loans.
- (c) The Underwriting of Municipal Loans.
- (d) The Relation of Public Credit to a Well Organized System of Taxation and a Balanced Budget.

V. THE FINANCING OF PRIVATE ENTERPRISES.

- (a) The Present Needs of Public Service Companies, such as Railroad, Street Railway, Electric Light, Gas, and Power Companies.
- (b) The Needs of Merchants and Manufacturers.
- (c) The Financing of Seasonable Crops.
- (d) The Consideration of Plans to Secure a More Satisfactory Status for Collateral as Security for Commodity Loans.
- (e) The Possibility of Securing Greater Uniformity in Laws Relating to Trade and Commerce, in Customs Regulations, and the More Effective Protection of Trade-Marks.

VI. THE EXTENSION OF INTER-AMERICAN MARKETS.

- (a) Long Term Credits as a Means of Stimulating Inter-American Trade.
- (b) Acceptances and Discounts (including warehouse receipts) as a Means of Extending Inter-American Trade.
- (c) The Establishment of Direct Exchange (often referred to as "dollar exchange") as a Means of Extending American Trade.
- (d) The Adaptation of the Manufactured Products of the United States to the Needs of the Nations of Central and South America.
- (e) Tariff Laws as Affecting Trade with the United States.

VII. MERCHANT MARINE AND IMPROVED TRANSPORTATION FACILITIES.

- (a) Increased and Improved Ocean Transportation Facilities.
 - 1. The present needs in this respect.
 - 2. Statement of shipping facilities now enjoyed.
 - 3. Suggestions as to the best means of securing improved transportation service.
 - 4. What public or private encouragement for improved transportation facilities can be expected from the countries represented at the Conference.
- (b) Improved Postal Facilities (including Money Orders) and Parcel Post.

FIRST GENERAL SESSION.

Monday Morning, May 24th, 10 o'clock.

HALL OF THE AMERICAS, PAN AMERICAN UNION.

The Secretary of the Treasury, Presiding.

- I. Address of welcome to delegates and guests by the President of the United States.
- II. Welcome by the Honorable William J. Bryan, Secretary of State.
- III. Responses on behalf of the Governments represented at the Conference.

The Secretary of the Treasury desires to announce that the families of members of the Conference are cordially invited to the opening session.

MONDAY AFTERNOON, MAY 24TH,

12.15 O'CLOCK.

THE PRESIDENT OF THE UNITED STATES WILL RECEIVE THE
MEMBERS OF THE CONFERENCE AND THEIR
FAMILIES AT THE WHITE HOUSE.

SECOND GENERAL SESSION.

Monday Afternoon, May 24th, 2.30 o'clock.

HALL OF THE AMERICAS, PAN AMERICAN UNION.

- I. Address of the Honorable William G. McAdoo, Secretary of the Treasury.
- II. Address of the Honorable Albert S. Burleson, Postmaster General.
- III. Address of the Honorable William C. Redfield, Secretary of Commerce.
- IV. Addresses by members of the Conference.
- V. Announcement of Group Committees by the Secretary of the Treasury.

Monday Evening, May 24th, 9 o'clock.

PAN AMERICAN BUILDING.

Reception tendered by the Secretary of State and the Secretary of the Treasury to members of the Conference, their families, and invited guests.

THIRD GENERAL SESSION.

Tuesday Morning, May 25th, 10 o'clock.

HALL OF THE AMERICAS, PAN AMERICAN UNION.

- I. Address of the Honorable Charles S. Hamlin, Governor of the Federal Reserve Board.
- II. Address of the Honorable Paul M. Warburg, member of the Federal Reserve Board, Washington.
- III. Addresses by members of the Conference.

Tuesday Afternoon, May 25th, 1 o'clock.

Luncheon tendered by the Secretary of State to delegates from—

Argentina.	Colombia.
Bolivia.	Costa Rica.
Brazil.	Cuba.
Chile.	Dominican Republic.
	Ecuador.

Residence of the Secretary of State, Calumet Place.

Automobiles will leave the Pan American Union at 12.45 o'clock.

Tuesday Afternoon, May 25th, 2.30 o'clock.

Meetings of Group Conferences in Special Conference Rooms assigned for this purpose at the Hotel Shoreham.

	Room.		Room.
ARGENTINA.....	99	GUATEMALA.....	110
BOLIVIA.....	101	HONDURAS.....	111
BRAZIL.....	102	NICARAGUA.....	112
CHILE.....	104	PANAMA.....	114
COLOMBIA.....	105	PARAGUAY.....	115
COSTA RICA.....	106	PERU.....	116
CUBA.....	107	SALVADOR.....	126
DOMINICAN REPUBLIC.....	108	URUGUAY.....	127
ECUADOR.....	109	VENEZUELA.....	129

Tuesday Afternoon, May 25th, 5 o'clock.

Reception tendered by His Excellency, the Argentine Ambassador, Honorable Rómulo S. Naón, to delegates on the occasion of the one hundred and fifth anniversary of the Argentine independence, Argentine Embassy, 1600 New Hampshire Avenue.

Wednesday Morning, May 26th, 10 o'clock.

HOTEL SHOREHAM.

Group Conferences meet in the same Committee Rooms assigned for this purpose at Hotel Shoreham.

Wednesday Afternoon, May 26th, 1 o'clock.

Luncheon tendered by the Secretary of State to delegates from—

Guatemala.	Paraguay.
Honduras.	Peru.
Nicaragua.	Salvador.
Panama.	Uruguay.
Venezuela.	

Residence of the Secretary of State, Calumet Place.

Automobiles will leave the Hotel Shoreham at 12.45 o'clock.

Wednesday Afternoon, May 26th, 3 o'clock.

HOTEL SHOREHAM.

Group Conferences meet in the Special Committee Rooms assigned for this purpose at Hotel Shoreham.

Wednesday Afternoon, May 26th, 5 o'clock.

MOTOR TRIP AROUND PARKS AND TO CHEVY CHASE CLUB.

Automobiles will leave the Hotel Shoreham at 5 o'clock and go by way of Sixteenth Street and Columbia Road into Adams Mill Road. This leads directly through the National Zoological Park and thence into Rock Creek Park. After seeing the latter, automobiles will proceed to the north end of the park and thence to Chevy Chase Club, returning via Tenallytown Road and Massachusetts Avenue to the hotel.

TEA AT CHEVY CHASE CLUB, 5.30 O'CLOCK.

Tea given by members of the Federal Reserve Board to delegates and guests of the Conference at the Chevy Chase Club.

FOURTH GENERAL SESSION.

Thursday Morning, May 27th, 10 o'clock.

HALL OF THE AMERICAS, PAN-AMERICAN UNION.

- I. Address by the Honorable Joseph E. Davies, Chairman of the Federal Trade Commission.
 - II. Address by the Honorable John Barrett, Director General of the Pan American Union.
 - III. Consideration of such matters as may be presented by members of the Conference. At the general sessions delegates and guests are urged to express themselves freely on any questions or matters they may desire to discuss.
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Thursday Afternoon, May 27th, 1 o'clock.

PAN AMERICAN UNION.

Luncheon tendered by the Secretary of the Treasury to members of the Conference.

Thursday Afternoon, May 27th, 3 o'clock.

EXCURSION TO MOUNT VERNON.

The President of the United States has tendered to the members of the Conference the use of *The Mayflower*, which will start at 3.30 o'clock from the Navy Yard for Mount Vernon, Virginia, the home of George Washington, first President of the United States.

Automobiles will leave the Hotel Shoreham at 3 o'clock.

Friday Morning, May 28th, 10 o'clock.

HOTEL SHOREHAM.

Group Conferences meet in Special Committee Rooms assigned for this purpose at Hotel Shoreham.

FIFTH GENERAL SESSION.

Friday Afternoon, May 28th, 3 o'clock.

HALL OF THE AMERICAS, PAN AMERICAN UNION.

REPORTS OF CONFERENCE COMMITTEES.

It is not intended to limit the time for reports to this date. Only such reports need be submitted at this meeting as may be ready.

Friday Afternoon, May 28th, 4.30 o'clock.

The members of the Conference and their families will be the guests of the Secretary of War, the Honorable Lindley M. Garrison.

TRIP TO FORT MYER

Automobiles will leave the Pan-American Union Building promptly at 4.30 o'clock, and will proceed direct to Fort Myer, where a special drill has been ordered by the Secretary of War in honor of the members of the Conference. The return to the Shoreham will be made immediately after the drill.

The Secretary of the Treasury desires to request that the families of members of the Conference meet at the Pan-American Union Building at 4.15 o'clock. Automobiles will be at their service at the Hotel Shoreham at 4 o'clock.

SIXTH GENERAL SESSION.

Saturday Morning, May 29th, 10 o'clock.

HALL OF THE AMERICAS, PAN AMERICAN UNION.

- I. Reports of Conference Committees.
- II. Closing Address by the Secretary of the Treasury.
- III. Close of the Conference.

Saturday Afternoon, May 29th, 5.30 o'clock.

Mrs. John B. Henderson will be At Home at 5.30 o'clock Saturday afternoon, May 29th, at her residence, Sixteenth Street and Florida Avenue, in honor of the members of the Pan-American Financial Conference.

Automobiles will leave the Shoreham at 5.15 o'clock.

Saturday Evening, May 29th, 8 o'clock.

HALL OF THE AMERICAS, PAN AMERICAN UNION.

Banquet tendered to members of the Conference by the Secretary of the Treasury.

Sunday, May 30th, 12 o'clock.

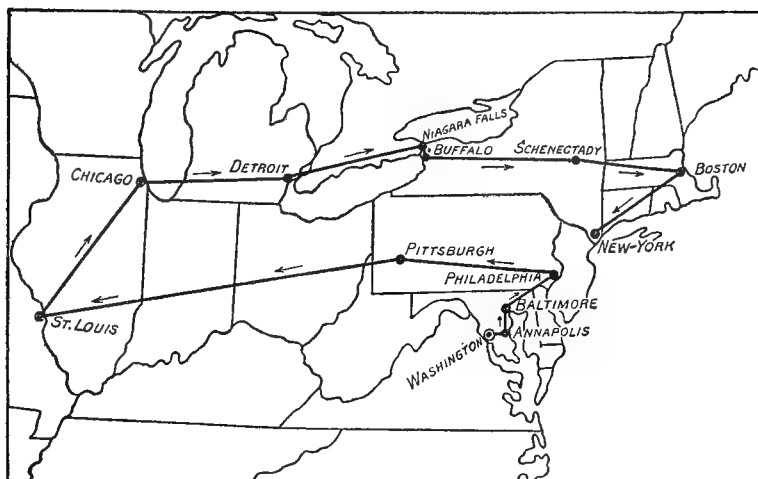
Breakfast tendered by the Assistant Secretary of the Treasury and Mrs. Peters to official delegations and their families.

AT "WOODLEY," WOODLEY LANE.

Automobiles leave the Shoreham Hotel at 11.45 o'clock.

Monday, May 31st—Sunday, June 13th.

ITINERARY.



LIST OF CITIES.

Monday, May 31st, 1915.

Via W., B. & A. Electric Railroad.

Lv. Washington, D. C.	9.05 A. M.
Ar. Annapolis, Md.	10.35 A. M.
Lv. Annapolis, Md.	12 M.
Ar. Baltimore, Md.	1.10 P. M.

Luncheon and Dinner, Baltimore.

Tuesday, June 1st, 1915.

Via Pennsylvania Railroad.

Lv. Baltimore, Md.	1.30 A. M.
Ar. Philadelphia (Broad Street Station)	4.00 A. M.

Wednesday, June 2d, 1915.

Luncheon and Dinner on train.

Lv. Philadelphia, Pa.	1.00 P. M.
Ar. Pittsburgh, Pa.	10.00 P. M.

Friday, June 4th, 1915.

Via Pennsylvania Lines.

● Luncheon, Dinner, and Breakfast on train.

Lv. Pittsburgh, Pa.	1.00 P. M.
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Saturday, June 5th, 1915.

Ar. St. Louis, Mo.....9.00 A. M.

Sunday, June 6th, 1915.

Via Wabash Railroad.

Dinner on train.

Lv. St. Louis, Mo.....3.00 P. M.

Ar. Chicago, Ill.....10.00 P. M.

Tuesday, June 8th, 1915.

Via Michigan Central R. R.

Lv. Chicago, Ill.....11.00 P. M.

Wednesday, June 9th, 1915.

Breakfast.

Ar. Detroit, Mich.....8.30 A. M.

Lv. Detroit, Mich.....11.00 P. M.

Thursday, June 10th, 1915.

Ar. Niagara Falls, N. Y.....8.00 A. M.

By motor cars.

Lv. Niagara Falls, N. Y.....4.00 P. M.

Ar. Buffalo, N. Y.....5.00 P. M.

Friday, June 11th, 1915.

Via New York Central Lines.

Breakfast and Luncheon.

Lv. Buffalo, N. Y.....12.30 Night.

Ar. Schenectady, N. Y.....8.00 A. M.

Lv. Schenectady, N. Y.....12.30 Noon.

Ar. Boston, Mass.....6.10 P. M.

Sunday, June 13th, 1915.

Via N. Y., N. H. & H. R. R.

Luncheon and Dinner.

Lv. Boston, Mass. (South Station).....3.00 P. M.

Ar. New York (Grand Central Station).....9.00 P. M.

PROCEEDINGS OF THE GENERAL SESSIONS

OPENING SESSION

MONDAY MORNING, MAY 24, 1915

OPENING SESSION, MONDAY MORNING MAY 24.

The Conference was called to order at 10 o'clock a. m. by the Honorable William G. McAdoo, Secretary of the Treasury of the United States.

Secretary McAdoo. Ladies and gentlemen, I have the honor to introduce the President of the United States. [Loud applause.]

ADDRESS OF THE PRESIDENT OF THE UNITED STATES.

MR. CHAIRMAN, GENTLEMEN OF THE AMERICAN REPUBLICS, LADIES, AND GENTLEMEN:

The part that falls to me this morning is a very simple one, but a very delightful one. It is to bid you a very hearty welcome indeed to this conference. The welcome is the more hearty because we are convinced that a conference like this will result in the things that we most desire. I am sure that those who have this conference in charge have already made plain to you its purpose and its spirit. Its purpose is to draw the American Republics together by bonds of common interest and of mutual understanding [applause]; and we comprehend, I hope, just what the meaning of that is. There can be no sort of union of interest if there is a purpose of exploitation by any one of the parties to a great conference of this sort. The basis of successful commercial intercourse is common interest, not selfish interest. It is an actual interchange of services and of values: it is based upon reciprocal relations and not selfish relations. It is based upon those things upon which all successful economic intercourse must be based, because selfishness breeds suspicion; suspicion, hostility; and hostility, failure. We are not, therefore, trying to make use of each other, but we are trying to be of use to one another. [Applause.]

It is very surprising to me, it is even a source of mortification, that a conference like this should have been so long delayed, that it should never have occurred before, that it should have required a crisis of the world to show the Americas how truly they were neighbors to one another. If there is any one happy circumstance, gentlemen, arising out of the present distressing condition of the world, it is that it has revealed us to one another: it has shown us what it means

to be neighbors. And I cannot help harboring the hope, the very high hope, that by this commerce of minds with one another, as well as commerce in goods, we may show the world in part the path to peace. It would be a very great thing if the Americas could add to the distinction which they already wear this of showing the way to peace, to permanent peace. [Applause.]

The way to peace for us, at any rate, is manifest. It is the kind of rivalry which does not involve aggression. It is the knowledge that men can be of the greatest service to one another, and nations of the greatest service to one another, when the jealousy between them is merely a jealousy of excellence, and when the basis of their intercourse is friendship. [Applause.] There is only one way in which we wish to take advantage of you and that is by making better goods [applause], by doing the things that we seek to do for each other better, if we can, than you do them, and so spurring you on, if we might, by so handsome a jealousy as that to excel us. I am so keenly aware that the basis of personal friendship is this competition in excellence, that I am perfectly certain that this is the only basis for the friendship of nations,—this handsome rivalry, this rivalry in which there is no dislike, this rivalry in which there is nothing but the hope of a common elevation in great enterprises which we can undertake in common.

There is one thing that stands in our way among others—for you are more conversant with the circumstances than I am; the thing I have chiefly in mind is the physical lack of means of communication, the lack of vehicles,—the lack of ships, the lack of established routes of trade,—the lack of those things which are absolutely necessary if we are to have true commercial and intimate commercial relations with one another; and I am perfectly clear in my judgment that if private capital cannot soon enter upon the adventure of establishing these physical means of communication, the government must undertake to do so. [Applause.] We cannot indefinitely stand apart and need each other for the lack of what can easily be supplied, and if one instrumentality cannot supply it, then another must be found which will supply it. We cannot know each other unless we see each other; we cannot deal with each other unless we communicate with each other. So soon as we communicate and are upon a familiar footing of intercourse, we shall understand one another, and the bonds between the Americas will be such bonds that no influence that the world may produce in the future will ever break them. [Applause.]

If I am selfish for America, I at least hope that my selfishness is enlightened. The selfishness that hurts the other party is not enlightened selfishness. If I were acting upon a mere ground of selfishness, I would seek to benefit the other party and so tie him to myself;

so that even if you were to suspect me of selfishness, I hope you will also suspect me of intelligence and of knowing the only safe way for the establishment of the things which we covet; as well as the establishment of the things which we desire and which we would feel honored if we could earn and win.

I have said these things because they will perhaps enable you to understand how far from formal my welcome to this body is. It is a welcome from the heart, it is a welcome from the head; it is a welcome inspired by what I hope are the highest ambitions of those who live in these two great continents, who seek to set an example to the world in freedom of institutions, freedom of trade, and intelligence of mutual service. [Loud and prolonged applause.]

Secretary McADOO. Ladies and gentlemen, I now have the honor of introducing the Secretary of State, the Honorable William J. Bryan. [Applause.]

ADDRESS OF HON. WILLIAM J. BRYAN, SECRETARY OF STATE.

MR. PRESIDENT, MR. SECRETARY, REPRESENTATIVES OF PAN AMERICA,
LADIES, AND GENTLEMEN:

If you will consult the program you will find that I am to deliver an address of welcome, but it is superfluous for me to welcome you after the eloquent and appropriate words to which you have just listened. On ordinary occasions the Secretary of State, as the President's representative in dealing with foreign nations, welcomes visitors, but this is not an ordinary occasion—it is an epoch-making event, and it was fitting, therefore, that the welcome should be spoken by the President himself and not by a representative. If the welcome extended to you was to be as whole-souled as that expressed in the Spanish phrase which, translated into English, means “my house is your house,” it must come from the occupant of the White House. [Applause.] My only duty, as I see it, after the felicitous words have been addressed to you by the President, is to give cordial approval to the noble idea, conceived by the Honorable Secretary of the Treasury, which has resulted in this notable gathering. I do give emphatic indorsement to this idea and expect this conference to have lasting and far-reaching results. I shall content myself with presenting the one thought that has been uppermost in my mind since this idea was presented to our Nation and to the nations assembled here. It is the idea that we are neighbors.

God in His providence has made these Republics the joint tenants of that wonderful heritage which extends from the St. Lawrence and Puget Sound on the north to Cape Horn on the south. We have taken upon ourselves the responsibility of developing this

territory for ourselves and for the world. It is dedicated to a system of government—to the republican form of government. May I not describe these Republics as resembling a great banyan tree? The United States is the parent stem; the branches, extending to the south, have taken root in the soil and are now permanent supports—yes, important parts—of that great tree. Linked together by a unity of political purpose and by a common political ideal these Republics can not but be interested in each other. We are geographically so situated that we must live side by side, and certain expectations are aroused by the very fact that we are neighbors.

The first is that we shall *know* each other. Neighbors should become acquainted, and this great meeting must result in an extension of acquaintance which is not only desirable, but necessary. I am sure that the Secretary of the Treasury had in mind this more intimate association; as we know each other better we shall be more and more assured of the good will of each toward the other.

The second expectation aroused by the fact that we are neighbors is that we shall be *friends*. This feeling of friendship is growing and will continue to grow. Time tends to increase it and words spoken by the representatives of the several nations have promoted its growth. The memorable address delivered by our Chief Executive at Mobile a year ago, when he restated what has been so often stated before, that this Nation has no desire to take one foot of land from any other nation by conquest—I am sure that this utterance has contributed something toward the cementing of our friendship. And may I refer to one other thing which has had an influence? It is the fact that this Nation is now united to the Spanish-speaking Republics by treaties that provide for investigation of all disputes, leaving no cause for which we can go to war until after there has been a year's time for deliberation and for passion to subside. [Applause.] This country has shown its good will by offering to all of the American Republics, without respect to size, such a treaty, and these Republics have responded in the spirit in which the offer was made. We may feel certain therefore that in the years to come there will be no hasty rushing into armed conflict; indeed, we have such faith in the power of reason, when controlled by friendship, that we are confident that a year's inquiry will enable us to find peaceful means of settling any disputes that may arise.

The third expectation, suggested by the fact that we live side by side, is that of mutual *helpfulness*. Neighbors must not only know each other and be friends, but neighbors must help each other as opportunity offers. With acquaintance increasing and friendship established, I take it that the principal purpose of this meeting is to find ways in which we may be helpful to each other.

The President has suggested one, and a very important one, namely, cooperation in the providing of means of communication. He has used his great influence to secure authority for this Nation to do its part, and I doubt not that his efforts will find a response in the nations here assembled and that in the course of time these nations, by cooperation, will establish lines of communication which will not only be of advantage in ordinary times but will protect our commerce from interruption if at any future time the nations in other parts of the world find themselves unable to settle their disputes by the peaceful methods which we expect to employ. [Applause.]

There are other matters in which cooperation is possible, as for instance in finance and communication by wire and by mail, of which the Secretary of the Treasury will speak more at length.

But I would not be pardoned if, with so many of our distinguished guests prepared to speak, and so inspiring an audience anxious to listen, I were to trespass further upon your time. Let me therefore, in conclusion, emphasize the thought that brought me before you, namely, that the State Department will, in every possible way, give support to the splendid efforts of the Secretary of the Treasury to crystallize acquaintance and friendship into practical helpfulness and, to the fullest extent, promote cooperation between the Republics whose representatives are assembled in conference. [Great applause.]

Secretary McADOO. Response will now be made by the representatives of the Republics present. I shall call the roll of the Republics in their alphabetical order. I have the honor of introducing Dr. Samuel Hale Pearson, of the Argentine Republic. [Applause.]

ADDRESS OF HON. SAMUEL HALE PEARSON, OF ARGENTINA.

MR. PRESIDENT, LADIES, AND GENTLEMEN:

On behalf of the delegation of the Argentine Republic to this Pan American Financial Conference, permit me first of all to express the profound gratitude of our delegation for the privilege afforded us of attending these sessions in which so many able and distinguished men of the Americas are taking part.

I desire also, Mr. President, to bring to you the assurance from my Government and my fellow countrymen that the suggestion of holding this Conference was received in Argentina with unanimous expressions of deepest sympathy and interest, and I have full justification in saying that earnest hope and confident belief are entertained there that this gathering will result in the realization of a long-cherished Pan American ideal.

The regrettable events occurring in Europe during the past year, together with a combination of other unfortunate circumstances, have affected international trade, upon which rested the production of the wealth and the prosperity of the world and upon which we founded and based the development of our industries and finances.

The suggestion of the holding of this Financial Conference, made by the Government of the United States has come at a propitious moment, and its success already in this very hour is assured by the presence here of the representatives of so many American nations.

Of the serious problems which we are about to consider in conference, permit me to say that the Argentine delegation cherishes the hope that in our gathering and in our deliberations together we shall find the way toward reestablishing an equilibrium in the economic life of America by Pan American methods and with Pan American resources. To accomplish this I feel certain that we shall not be obliged to create a new interdependence among the American Republics such as formerly existed with Europe, but that the immediate and permanent result will be the stimulation of inter-American reciprocity in the field of commerce and finance. [Great applause.]

Secretary McAdoo: I now have the pleasure of calling on the representative of Bolivia, Dr. Ignacio Calderón.

ADDRESS OF HON. IGNACIO CALDERÓN, OF BOLIVIA.

MR. PRESIDENT, MR. SECRETARY, GENTLEMEN OF THE CONFERENCE,
AND LADIES AND GENTLEMEN:

In the corridors of this building are gathered the flags of all the Republics of America, and under the leadership of the Stars and Stripes they stand for peace and liberty. [Applause.] The United States is often called the melting pot of the nations. Let all of the Western Hemisphere become the melting pot where will be smelted every religious and race prejudice; the unjustifiable class distinctions and the traditions of one-man power, where will be crystallized the true fraternity of men and the glory of national sovereignty.

By a strange coincidence of the most diverse events, the community of our interests has become very apparent. The Panama Canal makes us very near neighbors and opens the way to an increased exchange of trade relations. The war in Europe, by abruptly stopping the economic interchange with our countries, has more than any other event opened our eyes to the importance of strengthening our commercial ties. The able Secretary of the Treasury saw with clear perception that the time had come to bring about a Pan American commercial and financial understanding, and hence this congress.

The friendship of the American Republics is not and must not be based on artificial ententes or alliances, but must have back of it the whole strength of the will of the peoples of this continent and the moral power of those great ideals so admirably and forcibly propounded by the illustrious president of the United States in many public utterances. [Applause.]

Mankind does not advance forward and onward to its highest destinies by hatred, selfishness, or violence. The living forces are right and justice, and the beautiful and disinterested aspirations of love. [Applause.]

We are here now to discuss the commercial problems that pertain to us. We will enter on our discussions inspired by sentiments of mutual helpfulness and confidence.

We all know that no business can thrive unless both parties to the transaction equally share the benefits. True economic principles exclude all selfish and deliberate plans to get the better of some one. The general welfare of the people is the strongest commercial and financial asset, and the greater that general welfare the larger is the field for successful undertakings.

By following in our intercourse the broad and loyal spirit of friendly concern for the progress of our countries we will give substantial impetus to the cause of Pan American financial and commercial development, and at the same time stimulate our progress and friendship.

Such are the wishes of the Bolivian delegation, which thanks most sincerely His Excellency the President for his hearty welcome. [Great applause.]

Secretary McADOO. I have the honor of introducing Dr. Amaro Cavalcanti, of Brazil.

ADDRESS OF HON. AMARO CAVALCANTI, OF BRAZIL.

MR. PRESIDENT AND LADIES AND GENTLEMEN :

We have listened with great respect and satisfaction to the words of welcome and of encouragement which have been spoken by the President and the Secretary of State on the subject of the Pan American Financial Conference just now being inaugurated.

As far as concerns Brazil, we consider such an important fact as one more proof of the same continued endeavor on the part of the United States to enlarge the most profitable relations between all the American Republics, as has been maintained and affirmed by its governments ever since the First American International Conference, which also met at Washington about twenty-five years ago; and its significance is at this moment very much increased because of two

extraordinary events—the opening of the Panama Canal and the European war.

It will be unnecessary to add that these world events in creating a new economic situation and new conditions in regard to foreign trade are urging the nations of this continent to adopt, as soon as possible, such adequate and provident measures as have been required at no other time. For, in one case, all of them are interested in taking the profits and advantages to be expected from the new route now opened to commercial relations; in the other case we all are no less interested and determined to get rid, as much as possible, of the disastrous effects of that war, which constitutes a most flagrant crime against our Christian civilization. And while the most advanced nations of Europe, the greatest world powers themselves, by disregarding the treaties and violating the laws and principles of humanity, are at present raging against one another in a furious war, which is destroying all the progress and beneficial results of civilization, it is fitting to emphasize the fact (and this is done with great satisfaction) that this great Republic is devoting her best efforts to the work of consolidating a permanent peace among all the peoples of this continent, doing so in a most effective way—that is, by striving for the common development of their wealth and welfare.

This imposes upon us the agreeable duty of congratulating your Government in the name of my country upon such a meritorious action.

Further, as to the subject of the Conference itself, if we might be permitted to quote—which the time does not permit—some of the words of your lofty-minded statesman, James G. Blaine, the Secretary of State, when addressing the delegates to the First American International Conference in 1889, we should see that the policy of the United States toward its sister Republics in Central and South America has been, fortunately, characterized by such high sentiments as to inspire in all a justified confidence, and that the utterances themselves of its government in the past are almost identical with the eloquent words we have just heard from the President of the United States on the intention to establish bases, proper and suitable, to foster an increasing intercourse between all American countries.

There will be, of course, some difficulty in ascertaining and adjusting such proper bases; but difficulty does not mean impossibility. In this world of human affairs nothing is impossible, there being sincerity of purpose, respect for one another's rights, reciprocity of interest and advantages, and, above all, the good will of the interested parties. If all are willing to cooperate with such disposition of mind, success can not fail to be the natural outcome of their aims and transactions. Obviously no inherent difficulty can exist for

North America to understand the trade conditions, resources, and methods of Central and South America, and vice versa.

What remains to be done, and it is a great deal, is to strive to acquire a complete understanding of all facts and of practical means by which trade, commerce, industry, banking, and transportation may be carried on in the other parts of the continent in order that mutual benefits may be secured to producers and manufacturers, to importers and exporters, to customers and consumers in all the countries concerned. We should say more precisely what is necessary is to find out what products or manufactures each may profitably buy from North America as well as to find out what each can sell to North American customers and consumers.

Thus by a careful examination of the facts and by a patient interchange of views among all the representatives of the Republics present at this Conference, each familiar with the elements relating to the production, manufacture, internal and foreign trade, banking, and the like, of his own country—it is to be hoped that the Conference will be enabled to arrive at its very important object.

In two things, however, we beg leave to anticipate: One is that now is a very opportune time for North America seriously to set about the studying and better understanding of Central and South America, and vice versa; the other is, that the more we study and understand the needs of one another the larger will be the reciprocal share of commercial returns and earnings for all the countries.

To the Brazilian delegation's mind, all of us here assembled will certainly not be contented, at this time, with affirming again by resolutions or votes that the Republics we are representing are and sincerely desire to continue to be good friends one to another in all matters of international character that may arise. These affirmations, albeit of great value, do not suffice for the particular moment. We come for something more than this—that is to say, for the object of working together in such a manner and with such earnest intent that the transactions of this Conference may result in measures and resolutions capable of bringing about the economic improvement of the American Republics—measures and resolutions of practical efficiency, in accordance with the peculiar resources of each country.

Let us, then, join hands and assist in the common development of all America. [Applause.]

As has been very often observed, good intent begets like sentiments, and these in their turn beget sympathy and good will; and no work of common interest is impossible of complete realization when it starts under the influence of such intentions. All difficulty ceases where good will and cooperation are really existing.

Now in closing, Mr. President, we must apologize for having abused your generous attention, and permit us to express to you and

to your Government our sincere gratitude for the gracious hospitality with which Brazil has been received. [Great applause.]

Secretary McAdoo. I have the honor of introducing Dr. Luis Izquierdo, of Chile.

ADDRESS OF HON. LUIS IZQUIERDO, OF CHILE.

MR. PRESIDENT, LADIES, AND GENTLEMEN :

The delegates from Chile have heard with great attention the noble words of the addresses delivered by you, Mr. President, and Mr. Secretary Bryan, and I feel it my duty to begin by expressing, as the gentlemen who preceded me have done, the cordial appreciation of the Government of Chile for the invitation extended to them in your name and in the name of the United States.

Since the days of our political independence Chile and all the new Latin-American Republics have opened their doors wide to the commerce and friendship of the whole civilized world. From the beginning our trading and financial relations with the old countries of Europe, from which we both of North America and South America are proud to descend, acquired great importance; while the United States, engaged in developing its own resources, has only recently been able to show an interest in coming into close touch with our countries.

It is only a quarter of a century ago, Mr. President, since your Government invited here the first of the International Pan American Congresses, which have done a great deal, in principle at least, to foster relations among the nations of the whole hemisphere and to establish among them that common confidence without which no international friendship can exist. [Applause.]

In recent years we have had the honor of welcoming in our countries such eminent personalities of the United States as former President Roosevelt, Secretary of State Bryan, the Honorable Elihu Root, and the Honorable Robert Bacon; we have received delegations from the chambers of commerce of Boston and other centers of this country, and we have also been favored by the visit of some of the most prominent members of your universities, guided by that distinguished Pan Americanist, who has accepted the position of secretary general to this Conference, Dr. Rowe. [Applause.]

We begin to be better known to the United States, and the immense possibilities the southern continent offers to this great community of the north are now being realized. It is a fact that in a little over twenty years the trade of the United States with Latin America has increased from \$250,000,000 in 1890—the year of the first Pan American Congress—to more than \$800,000,000, and it continues to increase.

Two facts of the most unusual meaning, which have been referred to by the Bolivian minister and by the delegate from Brazil, help now to expand our commercial relations with the United States—the opening of the Panama Canal and the European war. The opening of the Panama Canal could not but have enormous influence on the established routes of trade. We can say without hyperbole that the Panama Canal, as the Suez Canal did, has really modified the geography of the world. When the Suez Canal was opened, the Mediterranean trade acquired new life, and old declining ports, such as Marseilles, Genoa, and Naples, could trade directly with the Far East without the intervention of the maritime countries which formerly monopolized that trade.

The opening of the Panama Canal signifies much for us, inhabitants of the southern part of the hemisphere: The principal Chilean port, Valparaiso, connected with the Atlantic by a transandine railway, lies in direct line at 4,660 miles from New York. Our northern port of Arica, connected with Bolivia by another transandine railway, lies at less than 4,000 miles from New York.

On the other hand, the war in Europe is hindering and in some cases is paralyzing and stopping the commercial intercourse of Latin America with its European markets, and this not only on account of the troubles in the production and industrial life in Europe, but principally on account of the sudden lack of shipping, which was universally the first consequence of the war.

Here is a field open to the activities of business men in the United States and to the production of its manufacturing industry, and I may add that this field would have been opened by the sole powerful action of economical laws, even if the war were not, as it is, a most terrible fact. When saying this I have not the least idea of impairing our business links with Europe. For years and years we have had the best friendly relations with Europe, and received from it financial support, which has largely and efficiently contributed to our own progress.

Now, Mr. President, before I finish, allow me to say that the development of the different nations of Latin America and the exploitation of the unlimited resources concealed in them are problems still pending, problems of the near future. Time is ripe for cooperation, and it seems rather strange that this word “cooperation” should sound as a novelty in the relations of Americans with Americans. Let us hope, ladies and gentlemen, this cooperation will be efficient, will be real and practical. Let us hope that from this conference something may come which will promote our prosperity at home and extend the trade between the United States and Latin America with reciprocal benefit; let us hope that our deliberation will not diminish

and will, on the contrary, add new strength, in this hour of tremendous commotion for mankind, to the great moral force of a united America. [Great applause.]

Secretary McAdoo. Ladies and gentlemen, I have the honor of introducing Dr. Santiago Pérez Triana, of Colombia.

ADDRESS OF HON. SANTIAGO PÉREZ TRIANA, OF COLOMBIA.

MR. PRESIDENT, LADIES, AND GENTLEMEN :

The American peoples that have constituted themselves into free and independent nations are gathered here by their legitimate representatives. I use the patronymic "American" in the full radiance of its continental integrity, covering North, Central, and South.

These peoples have met here, or are meeting, in an errand of peace that, in ordinary circumstances, would be part of the day's work. But the circumstances of history in the assembled background make this work of peace appear like a dream of light, which is both a revelation of the past, as it is, and is clothed in the hues of prophecy for the future. [Applause.]

This meeting coincides with a lurid moment of history, when, alas, by the inscrutable dispensation of Providence, the greatest nations in the world across the ocean are bent on errands that are not of peace. All their thoughts, all passions, all endeavors, tend to slaughter and destruction.

And against that background the continent of America calmly and serenely proceeds in its work of peace.

It is not for us to view the facts in a spirit of censorious arrogance. It is for us to thank Providence deeply and reverently for the merciful dispensation to realize that this could not have been accomplished by fortuitous circumstances alone. It is the result of the work of the founders of liberty and emancipation in America. The seed that they planted has grown throughout the continent, and we, who have received that glorious inheritance, at this terrible moment of history have as our first and foremost duty to prove that we are deserving of the inheritance that they left to us and that we will carry it on. [Applause.]

Law and order, and the concepts, and the conventions for which humanity has labored since the beginning of time are destroyed in an hour in the countries across the ocean. But in the meantime law and order have found their refuge in America. We are the trustees of the liberties of the world and the guardians of the future.

Let us do our duty. Not only the United States, as was once said by lips hallowed by martyrdom, were conceived in liberty and dedicated to freedom; that is the glorious heritage of all the nations of America. Whatever tends to unite those nations in common bonds of friendship, of common interest or sympathy; whatever tends to

strengthen their solidarity is a work not only for the peace of America but for the peace of the world.

Such is this Conference. May God grant that it succeed! [Great applause.]

Secretary McAdoo. I regret to say that Dr. Guardia is ill. The Honorable John M. Keith will respond for him in behalf of the Republic of Costa Rica. I have the honor of introducing Mr. Keith.

ADDRESS OF HON. JOHN M. KEITH, OF COSTA RICA.

MR. PRESIDENT, LADIES, AND GENTLEMEN :

Replying to the cordial expressions of welcome extended by Your Excellency, in the name of the delegation of Costa Rica I have to express the hope that the high practical aims of this Conference will be fully realized in cementing a new bond of union and a better mutual understanding between the Americas.

We believe that a new economic dawn is inaugurated for the welfare of Latin America, in which we desire to participate. As an evidence of this desire the Government of Costa Rica has honored me, an American-born citizen, as one of its delegates.

Over thirty years' residence in Latin America qualifies me to express the conviction that a firm faith in its future progress and development is justified by what it has accomplished in the past.

Speaking with special reference to the Tropical Zone, contained between the tenth and twelfth degrees of latitude north and south of the equator, which embraces so large a portion of South and Central America, no part of the hemisphere can show a civilization as high as, or even comparable with, that attained by the genius of the Latin race—a civilization realized in the face of almost insurmountable physical, climatic, and ethnological conditions. Four centuries of constructive social and political endeavor have prepared Latin America to reap the benefit of the economic development which its geographical position and natural resources indicate.

The delegation of Costa Rica expresses its deep appreciation of the hospitalities extended by your Government, and again voices its concurrence with the aims and purposes of this Conference. [Great applause.]

Secretary McAdoo. I have the honor to present to the Conference Dr. Pablo Desvernine y Goldós, of Cuba.

ADDRESS OF HON. PABLO DESVERNINE Y GALDÓS, OF CUBA.

MR. PRESIDENT, LADIES, AND GENTLEMEN :

I am perhaps the only one who has been taken somewhat unawares, but my understanding is that the only thing that we were called upon

to do was to respond, and the only way to respond was to give thanks to the President of the United States for the kind words with which he has received us. I therefore have to acknowledge here my complete unpreparedness to say anything else, but to indorse and approve, as Mr. Bryan says, the noble and generous words pronounced by the President of the United States. [Applause.]

This is more than the commencement of the economic part of the Conference. It is, I conceive, a sort of eucharistic feast, in which we come to offer you our thanks for what you have done for us, and that vouches for the success of the Conference also, because by persistently thinking along one line action often results therefrom. Action once begun, success in such undertakings as this is almost invariably assured; and this success means closer friendly and commercial relations between the countries of the western world.

I wish to add, Mr. President, that I have just been told that the name of this room is the "Hall of the Americas." This plural form is emblematic. This hall's solid marble symbolizes the permanence of the friendship of the American nations among themselves.

Before finishing, gentlemen, I wish to say, renewing the recollection of something I had the pleasure to express a few days ago, that it is certainly a great contrast that while our countries of America are trying to settle their problems in such a conference as this and are trying by words of mutual friendship and good will to prepare themselves for the present and future, in other parts of the world these same questions have led nations into a most bloody war. The reason may be that all of us recognize that in the entire continent of America there is one purpose of political policy, so to speak, and that that unity of purpose is the solid guaranty for our united political action in the direction of peaceful commercial intercourse.

In regard to the intentions and motives that animate all of us here it is certain that they are disinterested, since our only desire is to agree on closer friendly relations among all the nations of America, and in this respect let me close with the following remark:

Gentlemen of Central and South America and representatives from the United States, if you wish to know what the United States means to America, if you want to know what their political program is in regard to the American nations, please look at the example they have set there in the midst of the Gulf, at the Pearl of the Antilles, and see what they have done for Cuba and what they have accomplished there [applause], and that pearl in its beautiful setting will certainly be a guaranty for all of us that only friendship and affection can bind the United States to the other nations of America. [Prolonged applause.]

Secretary McAdoo. I have the honor to present to the Conference Dr. Francisco J. Peynado, of the Dominican Republic.

**ADDRESS OF HON. FRANCISCO J. PEYNADO, OF THE DOMINICAN
REPUBLIC.**

MR. PRESIDENT, LADIES, AND GENTLEMEN :

Once more those laws which control the material, moral, and intellectual approximation of social groups pursuing common ideals have worked their spell, and this in spite of differences which at times the prejudice of human nature brings about.

The peoples of North, Central, and South America, notwithstanding many errors committed in the past, and notwithstanding the prejudices which have brought those mistakes into being, have now reached a frank and honest understanding, impelled by a great movement of reciprocal attraction; and, in virtue of those laws, these peoples at no distant date will necessarily form themselves into a family of nations whose democratic institutions, whose love of and honor for work, and whose honest obedience to the law of cooperation, strengthened by a common ideal of independence and sovereignty, will offer the finest tribute to civilization which the mind and the heart of man can offer.

To-day the young nations of this very rich continent find themselves face to face with a war never before equalled; but the ideals of justice cover them with a shield of peace. Beneath this protection they are entering with full vigor into a new era of law and order; and, throbbing with enthusiasm, they have accepted the praiseworthy initiative of the Government of the United States to unite in a congress to settle by common action certain transcendental problems which for some time have faced us, but which have been turned by the European war into problems demanding definite and immediate solution.

It is natural, therefore, that the Dominican Government, interpreting clearly the lofty spirit which actuates this movement, would not hesitate to send its representatives to contribute, to the fullest limits of their power, to the success of the labors of this conference; and this they solemnly promise to do.

The Dominican delegation felicitates itself on this account and offers on behalf of its Government the heartiest congratulations to the Government of the United States, and likewise to you, Mr. President, and to your brilliant collaborators. [Great applause.]

Secretary McAdoo. I have the honor to present to you Dr. Juan Cueva García, of the Republic of Ecuador.

ADDRESS OF HON. JUAN CUEVA GARCÍA, OF ECUADOR.

MR. PRESIDENT, LADIES, AND GENTLEMEN :

From the majestic white crowns of our double avenue of volcanoes; from the greatest plateau of the world, where at an altitude of 6,000 to 9,000 feet labor the great mass of our population; from the ardent coast, glorious with flowers, fruits, cocoa, coffee, rubber, ivory, and nuts, and straw for Panama hats; from that coast, exceptionally endowed with the most marvelous system of rivers, still unknown to this country, I am bringing, sir, a message of sincere friendship to this sister Republic and a personal one of respect and admiration for Your Excellency. [Applause.]

While the most horrible war devastates the flourishing nations of the Old World, your Government has called this vast continent, new in the life of civilization, and rising up with great forces and ideals, to the action of peace, work, commerce, and fraternity. And the whole continent, en masse, has answered your call, sending us north as a symbol of friendship, as the earnest expression of our sincere desire to enjoy closer relations among the communities forming the American family. Born in this country of yours 3,000 miles from Europe, with a great and constant immigration, with an endless rolling land back of you, with every facility to build your roads, and for general development, your fellow countrymen will never realize how difficult every step of our civilization has been for us. And it is under these circumstances, without any of the helps that you have had on the other side of the Panama Canal, with so many obstacles, geographical, topographical, and climatical, in the land where creation is still in full action, in astounding and incessant production of life and death; it is under these circumstances that we, the inhabitants of Ecuador (Ecuador means "the Equator") under the straight rays of the sun, have become the leaders of the cocoa trade of the world, have built our world-wide industry of hats, improperly named Panama hats.

When history does justice to our efforts it will tell of our faith and strength in the battle for civilization, and whether or not we acted well under the circumstances with which we had to contend. In the meanwhile here we are, sir, ready to further any effort that may mean a sincere understanding among all, and for the benefit of all. Let us build the harmony of this continent in justice, in honesty of mind and action. Let these virtues by means of united effort restore the mutual confidence so much needed in these sister Republics, in

order that we may employ our combined effort in the common welfare of the continent.

In the name of Ecuador I salute the people of the United States, and in the name of my Government I wish Your Excellency long years of happiness amidst your fellow countrymen, surrounded by the love and respect and admiration that you so greatly deserve. [Great applause.]

Secretary McADOO. I have the honor of introducing Dr. Víctor Sánchez Ocaña, of Guatemala.

ADDRESS OF HON. VÍCTOR SÁNCHEZ OCAÑA, OF GUATEMALA.

MR. PRESIDENT, LADIES, AND GENTLEMEN :

Guatemala hastened to accept the invitation which Your Excellency's Government so kindly extended it to be represented at this Conference not only on account of the cordial friendship it has ever cultivated with this prosperous Republic—which moves us to accept forthwith its every initiative on behalf of the brotherhood and progress of the other peoples of this continent—but because the subject matter of the Conference is such as awakens the sympathy and interest of Guatemala by reason of its vital importance and of the benefits to be reaped by the country I represent in the full development of its resources through the aid and cooperation of her sister Republics of America in a labor of commercial approximation and common financial benefits.

The delegation of Guatemala has accordingly come to place its modest contribution at the service of this Conference, which holds out so much hope for the interests of the continent.

The Guatemalan delegation, in presenting its respectful greetings to the illustrious first citizen of this great American Nation and in expressing once again its sentiments of gratitude for the welcome it has received, voices the hope that the fullest measure of success shall attend the efforts of the Conference, at which are gathered so many distinguished men of the three Americas. [Loud applause.]

Secretary McADOO. I have the honor of introducing Dr. Leopoldo Córdova, of Honduras.

ADDRESS OF HON. LEOPOLDO CÓRDOVA, OF HONDURAS.

MR. PRESIDENT, LADIES, AND GENTLEMEN :

The delegation of Honduras takes great pleasure in acknowledging the welcome with which His Excellency the President of this Republic has honored it, and hopes that this Conference, actuated by

a spirit essentially American, may be fruitful in results for the financial interests of our small nation.

Honduras, Mr. President, has been the victim of frequent political upheavals, and she needs the help of a powerful sister nation such as the United States in order that she may enter fully into the path of order which is the foundation of all progress.

On behalf of the Government and of the people of Honduras we renew our warmest thanks to the Government of the United States for the many courtesies we have received ever since our arrival to this country. [Loud applause.]

Secretary McAdoo. I have the honor of introducing Dr. Pedro Rafael Cuadra, of Nicaragua.

ADDRESS OF HON. PEDRO RAFAEL CUADRA, OF NICARAGUA.

MR. PRESIDENT, LADIES, AND GENTLEMEN :

It is an honor for me, Mr. President, to greet Your Excellency on such an occasion as this, in the name of the Government and people of Nicaragua. The ideals sought in this gathering of the leading financiers of America are nearly the same as those my Government has been endeavoring for some time to realize. We have come here, before now, seeking closer economic relations between our two countries, and I am most sincere in stating that we have great pride in following the leadership of this great people, whose ideals of service to humanity we so much admire. And for this reason my country confidently expects that our desired ends will be attained through the present Pan American Financial Conference.

Permit me, in conclusion, to express our thankfulness for your kind invitation to come here and look for the best means of fulfilling these high ideals. [Loud applause.]

Secretary McAdoo. I have the honor of introducing Dr. Ramón F. Acevedo, of Panama.

ADDRESS OF HON. RAMÓN F. ACEVEDO, OF PANAMA.

MR. PRESIDENT, LADIES, AND GENTLEMEN :

The delegation of Panama to the Pan American Financial Conference highly appreciates the expressions of welcome which it has just heard from the lips of the First Magistrate of this great country, and in the name of the Government and people of Panama it wishes to render the most sincere thanks for the invitation to take part in this Conference, which will be memorable on account of the historical epoch in which it takes place and for the beneficial results which undoubtedly will be derived from it.

The political and economic interests of the Republic of Panama are intimately and perpetually bound to those of the United States, and the delegation of Panama has the hope that this great Conference will produce between the two countries still closer relations, founded not only on those common interests but also on the spirit of full and generous justice of the American Nation, and which are to prevail between all the Republics on this continent, called to be the center of a new and flourishing civilization.

You have laid the corner stone of a building that promises to be the magnificent temple of harmony and prosperity; let us all cooperate with the best of our energies to its construction and completion in the hope that it may last for years and years. [Loud applause.]

Secretary McAdoo. I have the honor of introducing Dr. Héctor Velázquez, of Paraguay.

ADDRESS OF HON. HÉCTOR VELÁZQUEZ, OF PARAGUAY.

MR. PRESIDENT, LADIES, AND GENTLEMEN:

It is the occasion of sincere personal gratification, this distinguished honor of being designated to represent my country before this illustrious and impressive assembly, in which the most experienced thinkers and experts of America in the financial and economic sciences have been called together with the momentous purpose of establishing a solid foundation for our commercial life, for blazing the trails that are to lead us to the realization of our constant and heartfelt longings.

A great and powerful Nation—rich in material progress as in the noble sentiments treasured in the hearts of its people—has invited its sister Republics of this continent to discuss problems of the highest importance, interesting to all alike, whose solution will be vitally influential for our common progress, for international confraternity, for the harmonizing of aspirations and ideals, the only permanent foundation for true Pan Americanism, which we so earnestly seek and which we are beginning to realize.

This act of the Government of the United States is a step in advance, brilliant and vigorous, destined to give fresh impetus to the endeavor, persevering and each time more earnest, to dissipate jealousies and doubts; to waft away the mists that in the sky of this continent might obscure or retard the consummation pictured by statesmen of great and noble heart of all ages for our beloved America; to bring about loyal collaboration, with a clear and frank understanding, for the progress and well-being of all; and especially for the attainment morally of the highest ideals that humanity ever pur-

sues and pledges itself to crystallize into fundamental principles that in practical life will serve as a guide to its boundless culture and improvement.

The work of Blaine, of Root, of Bryan, of all the other spokesmen of the administrations and of the people of this Republic, has ever received harmonious acknowledgment among her sister Latin American Republics, and the personnel of this Congress, the happiest and most opportune among like inspirations, is proof anew of the cordial and enthusiastic manner in which they have responded once more to the courteous call.

The Government of Paraguay contemplates with genuine satisfaction the celebration of this assembly, convinced that its deliberations will shed a clear light on the path that in the economic field the Republics of America shall follow, particularly those which, as my country, have scarcely begun the development of their natural resources.

Situated in fact in the very heart of South America, within the confines of the Temperate Zone and on the border of the Torrid Zone; with a mild climate, of universal renown for its incomparable salubrity; with soil of the greatest fertility, traversed by innumerable rivers and other streams that constitute her natural irrigation; adapted to the cultivation of almost every tropical and subtropical product, and for the breeding and fattening of numerous herds of cattle; with her primeval forests, in great part yet virgin, in which are found the rarest woods for the builder and for the cabinet-maker; with the mineral wealth of her mountains and hills hardly touched; with the enchanting perspectives of her lakes and prairies, attracting lovers of beauty and health—Paraguay is yet awaiting the intelligence, the capital, the energy, that are to convert the natural wealth with which she is endowed into elements of life and culture for a numerous population and for humanity.

Honored in expressing in the name of my Government its sincere hopes for the success of the deliberations of this Congress, so auspiciously initiated, permit me to join with them my personal wishes and those of my associate delegate, the consul general, Mr. William Wallace White. [Loud applause.]

Secretary McAdoo. I have the honor of introducing Dr. Isaac Alzamora, of Peru.

ADDRESS OF HON. ISAAC ALZAMORA, OF PERU.

YOUR EXCELLENCY AND LADIES AND GENTLEMEN :

The delegation of Peru highly appreciates the kind welcome extended by the First Magistrate of this great Republic, and is happy to be able to avail itself of this opportunity to convey to the Govern-

ment and the people of the United States the most friendly greetings from the Government and people of Peru.

The Peruvian delegation will at all times give its earnest attention and consideration to the ideas so felicitously expressed by Your Excellency respecting the object of this Conference, and will feel much honored in cooperating to the practical realization thereof, as far as is compatible with the present conditions in Peru.

The wishes of Your Excellency for the welfare of the Republics represented in this conference are sincerely echoed, as far as my country is concerned, by every Peruvian citizen, who now, as in the past, desires only the continued and uninterrupted progress and prosperity of this Nation, as well as the personal happiness of its honored President. [Loud applause.]

Secretary McADOO. I have the honor of introducing Dr. Alfonso Quiñónez M., of Salvador.

ADDRESS OF HON. ALFONSO QUIÑÓNEZ M., OF SALVADOR.

YOUR EXCELLENCY, LADIES, AND GENTLEMEN :

The delegation of Salvador has the honor to offer its most respectful greeting to His Excellency the President of the United States, to His Excellency the Secretary of the Treasury, and to the honorable delegates of the American Republics attending this Financial Conference.

This delegation gladly acknowledges its gratitude to the high public officials and to the commercial organizations of the United States for the many attentions with which it has been favored since its arrival.

The Government of Salvador looks upon the invitation of the American Government to this Conference as a signal honor, and it hopes that its results may be converted into practical benefits for the commercial relations of the two countries.

The remarks of His Excellency the President of the United States and of the Honorable Secretary of State, and the ceremony which we are attending to-day are a sure guaranty of the success and beneficial results of this Conference for the countries of Central and South America.

The Republic of Salvador, although small territorially, is thickly populated, and has progressive industrial and commercial tendencies. The Government and people of Salvador, whose representatives we have the honor to be, accordingly express the most ardent desires for the ever-increasing growth of the commercial relations between the United States and the other American Republics, and warmly ap-

plaud this most opportune and happy initiative of the Government of the United States. [Loud applause.]

Secretary McADOO. I have the honor of introducing Dr. Pedro Cosio, of Uruguay.

ADDRESS OF HON. PEDRO COSIO, OF URUGUAY.

MR. PRESIDENT, LADIES, AND GENTLEMEN :

Uruguay has accepted the invitation of the United States to take part in the Financial Conference in Washington with a full understanding of the far-reaching importance which a solution of the problems of exchange caused by the European war will bring about for the American Continent.

But first I wish to state, Mr. President, that Uruguay has responded to this invitation principally on account of the feeling of understanding and of admiration which the American people and their worthy representatives in the government deserve at the hands of the people of my country.

Economic interests are, owing to their very nature, removed from the mere friendships between one country and another, since the economic life is regulated by inevitable laws of social dynamics. However, it is a fact evidenced by every epoch of history that harmony of interest between countries is the most solid basis for good relations, in the same manner that commercial rivalry is the most efficient dissolving force which hinders the natural human tendency toward the brotherhood of man.

The purpose of the Government of the United States in calling this Financial Congress can not be considered as other than inspired by high and generous motives of foresight, tending to consolidate and to guarantee effectually for the future the excellent friendly relations which to-day unite the countries of the two Americas.

The leading men of the United States have been characterized in the past, and particularly in these latter days, for their tendencies against the barbaric solution by warfare. There could be nothing more logical, therefore, in this generous creed than to prepare an atmosphere favorable to the permanence of peace between the nations of America, which should use their energies in the constructive work of extending their own greatness.

If the Financial Conference increases economic ties and harmonizes commercial interests between the countries of America, as it surely will, your work, Mr. President, will project itself indefinitely into the future, to the moral and material benefit of the American peoples. [Loud applause.]

Secretary McAdoo. I have the honor of introducing Dr. Pedro Rafael Rincones, of the Republic of Venezuela.

ADDRESS OF HON. PEDRO RAFAEL RINCONES, OF VENEZUELA.

MR. PRESIDENT, LADIES, AND GENTLEMEN :

By a benevolent act of my Government I have had the honor to be appointed its representative at this Pan American Financial Conference, which has just been inaugurated in the presence of the distinguished gathering here assembled.

It is the earnest hope of the Venezuelan delegation that the outcome of the proceedings of this important meeting shall fulfill the expectations of us all in bringing about a still closer mutual understanding in our commercial relations with far-reaching effects for the American States so worthily represented at this Conference.

We are deeply indebted for the kindly welcome and courtesies extended to us by the entertainment committee appointed by the honorable the Secretary of the Treasury of the United States and presided over by Mr. Dudley Field Malone. He is a fine type of the true American gentleman, and his distinguished wife typifies the grace and sweetness which has made the American woman famous.

We appreciate most highly the amiable words of welcome uttered by the First Magistrate of this great Nation, and in behalf of my Government as well as in my own name it is gratifying for me to express the best wishes for the continued prosperity of the United States of America and for the welfare of its President, who seems to be inspired by the noble characteristics of one of his great predecessors which made him a man "with malice towards none, with charity for all." [Loud applause.]

Secretary McAdoo. The Conference will now take a recess until 2.30 o'clock p. m.

I wish to announce that the President of the United States will receive all of the guests, ladies and gentlemen, who are here, at the White House during the recess to-day.

(At this point a recess was taken.)

SECOND SESSION

MONDAY AFTERNOON, MAY 24, 1915

SECOND SESSION, MONDAY AFTERNOON, MAY 24.

The conference was called to order at 2.30 o'clock p. m. by the chairman.

ADDRESS OF THE HON. WILLIAM G. McADOO, SECRETARY OF THE TREASURY OF THE UNITED STATES.

FELLOW AMERICANS:

Permit me to express the intense satisfaction and gratification of the Government and people of the United States at the cordial and hearty response of the Governments of South and Central America to the call of the United States for this Financial Conference. The people of the United States are profoundly honored by the presence here to-day of so many distinguished men from South and Central America—men whose character and achievements have put them in the front rank of citizenship in their respective countries. Nothing could more eloquently testify to the importance of this notable gathering than the distinction with which it has been impressed by the character and quality of our foreign guests, and it may, with equal truth, be said that the character of the able and distinguished men of the United States who are participating in these deliberations is evidence of the great importance with which this Conference is regarded by the Government and people of the United States. [Applause.]

We extend to you cordial greetings and hearty welcome, and earnestly hope that your visit to the United States may be fruitful in practical results, advantageous to your countries, and replete with happiness for yourselves.

International conferences of various kinds in different parts of the world have been held in times past, and this is not the first conference between the Republics of the American Continent. The Pan American Union is the result of one of these conferences, and is a tribute to the vision and statesmanship of the great leaders of the Western Hemisphere. But never before has there been assembled an international conference of such peculiar significance as this one. We meet at a time when more than half the world, in population and territorial area, is engaged in a colossal conflict, destructive of life

and property upon such a gigantic scale as to influence profoundly the economic status of all the nations of the earth. The countries of the Western Hemisphere have been seriously affected, and are obliged to consider what measures shall be taken to protect their own interests from the consequences of the mighty European struggle. We of the United States have already tasted the bitter experience of disrupted credits, paralyzed shipping, and disorganized commerce. Happily we have largely overcome them now, but our experience enables us to know and appreciate to the full the difficulties which you, our neighbors, have been forced to meet, perhaps in a larger degree than ourselves, from these same causes. Realizing these conditions, it seems both wise and necessary that we should come together for the purpose of considering the problems that confront us and concerting the means by which they may be successfully met and conquered.

It is not from selfish motive or sordid desire for material gain that this conference draws its inspiration. It has a deeper and a finer meaning. We meet for the purpose of considering how and in what manner the great Republics of the Western Hemisphere, representing as they do common ideals of liberty, justice, and self-government, and dedicated as they are to the highest and best interests of humanity, may, through common action and interest, not only conserve their material welfare but become a more homogeneous and powerful moral force for the preservation of peace and the good of humanity. [Applause.]

A wholesome material basis, which implies the prosperity and happiness of the people of a nation, is essential to the perfection and realization of those high ideals and moral principles which profoundly influence the course and progress of humanity. Through a better understanding of the economic needs of our respective countries let us hope that we may be able to establish a common basis of material prosperity which shall make increasingly apparent the essential community of interest of the nations of the Western Hemisphere. We owe it at least to ourselves to initiate those measures and policies which will make the nations of the western world self-contained and independent of the disastrous consequences of future collisions between the nations of the Eastern Hemisphere and capable of helping the suffering people of Europe in the time of their distress and misfortune. So long as we are in large part financially dependent upon the nations of Europe for our internal development and economic stability, so long are we exposed to the hazards of their internal strife and external wars. This seems to be the opportune time for the development of the spirit, at least, of continental solidarity.

The nations of the Western Hemisphere can not make a greater contribution to the cause of civilization than to effect that kind of continental solidarity which, resting upon wholesome material interests, political accord, common ideals, and mutual helpfulness, will give them a commanding influence for the peace of the world and the service of mankind. [Applause.]

We are all anxious to achieve practical results. We do not wish this conference to culminate in mere debate. We of the United States earnestly desire that you shall give to us the most complete and authentic information concerning the financial and economic needs of your respective countries and about every problem which you think we may consider to your and our advantage. We realize that each country has its own distinctive problems; that the problems of one country probably do not relate to those of its neighbors; that such problems may concern governmental or public financing, tariff laws as they affect the United States trade, commercial credits and direct exchange with the United States, ocean transportation, and various other things. Manifestly the specific problems of each country can not be debated with advantage or benefit in the general sessions of the conference. In order, therefore, to give each country the opportunity of discussing its particular problems with the utmost frankness and freedom we have adopted the plan of dividing the delegates of the United States into eighteen committees. One of these committees will be assigned to each of the countries represented in the conference. This will bring about a series of group conferences, where the problems of each country may be discussed with a body of representative bankers and business men of the United States, who will do their utmost to cooperate in the most effective possible manner with the delegates of the several foreign countries in arriving at tangible and practical results. The men who represent the United States have been chosen because they are among our strongest bankers and financiers and among the greatest of our manufacturers and merchants. They will cooperate with you in the most enthusiastic and sympathetic spirit.

As a result of these group conferences it is hoped that before the close of the general conference the delegates from each foreign country will submit a written report of such of the proceedings of the group conferences as they may desire to have incorporated in the proceedings of the general conference. These proceedings will be published in English and Spanish, and will be given general distribution. If the foreign delegates should be unable to submit such reports before the close of the general sessions, the publication of the proceedings of the conference will be delayed for a reasonable period in order that ample time may be allowed the foreign delegates to forward such reports as they may care to submit. Among the

subjects which I would respectfully suggest that the group conferences consider are the following:

1. PUBLIC FINANCE.

- (a) Public revenues and expenditures as affected by recent events in Europe.
- (b) Measures adopted to meet the situation.
- (c) Proposed remedies.
- (d) Possibilities of international cooperation.

2. THE MONETARY SITUATION.

- (a) Conditions prior to the outbreak of the European war.
- (b) Effects of the war.
- (c) Possibilities of international cooperation.
- (d) Outlook for uniform monetary standards.

3. THE PRESENT BANKING SITUATION.

- (a) Conditions existing prior and subsequent to the outbreak of the European war.
- (b) The establishment of branch banks and of direct exchange.
- (c) Possibilities of further international cooperation.

4. THE FINANCING OF PUBLIC IMPROVEMENTS.

- (a) The underwriting of national loans.
- (b) The underwriting of provincial or State loans.
- (c) The underwriting of municipal loans.
- (d) The relation of public credit to a well-organized system of taxation and a balanced budget.

5. THE FINANCING OF PRIVATE ENTERPRISES.

- (a) The present needs of public service companies, such as railroad, street railway, electric light, gas, and power companies.
- (b) The needs of merchants and manufacturers.
- (c) The financing of seasonable crops.
- (d) The consideration of plans to secure a more satisfactory status for collateral as security for commodity loans.
- (e) The possibility of securing greater uniformity in the laws relating to trade and commerce, in customs regulations, and the more effective protection of trade-marks.

6. THE EXTENSION OF INTER-AMERICAN MARKETS.

- (a) Long-term credits as a means of stimulating inter-American trade.
- (b) Acceptances and discounts (including warehouse receipts) as a means of extending inter-American trade.
- (c) The establishment of direct exchange (often referred to as "dollar exchange") as a means of extending American trade.

6. THE EXTENSION OF INTER-AMERICAN MARKETS—Continued.

(d) The adaptation of the manufactured products of the United States to the needs of the nations of Central and South America.

(e) Tariff laws as they affect trade with the United States.

7. MERCHANT MARINE AND IMPROVED TRANSPORTATION FACILITIES.

(a) Increased and improved ocean transportation facilities.

(1) The present needs in this respect.

(2) Statement of shipping facilities now enjoyed.

(3) Suggestions as to the best means of securing improved transportation service.

(4) What public or private encouragement for improved transportation facilities can be expected from the countries represented at the Conference.

(b) Improved postal facilities (including money orders) and parcel post.

It must not be understood that the group conferences are to confine themselves to the questions I have suggested. They may discuss any other subjects or matters that they or the delegates of the United States may care to introduce.

There will be several general sessions of the conference, at which subjects of common interest will be considered. These subjects may be covered under three heads:

Finance,

Commerce, and

Transportation.

Finance and commerce, or trade, march hand in hand. They in turn depend upon adequate means of transportation and communication. It is hoped that in the general sessions the delegates from the foreign countries as well as the bankers and business men of the United States will discuss these subjects or any related subjects in the fullest and frankest manner.

The questions of ocean transportation and improved means of communication are particularly interesting at this time, and a full expression of opinion upon these important phases of the general problem will be of value. Remedies can not be applied nor the fullest measure of cooperation secured unless complete and authentic information is supplied.

The Postmaster General of the United States has kindly consented to discuss the subject of improved postal facilities to South America, and the Secretary of Commerce of the United States has been good enough to agree to discuss some of the important questions of commerce. I am glad to leave these questions to the superior abilities of my distinguished colleagues, and hope that their remarks may encourage the members of the Conference to engage in a general discussion of these interesting subjects.

The question of the establishment of branch banks of the United States in the various South and Central American countries and the establishment by those countries of branch banks in the United States deserves your earnest attention. Commercial credits and direct exchange and the facilitation of commercial transactions depend upon the right sort of financial organization. Under our Federal reserve act the national banks of the United States have consolidated and organized their credit resources in such a way that they are, for the first time in the history of this country, prepared to do a large amount of foreign business. They are also, for the first time in our history, authorized by law to establish branches in foreign countries. Already some of our banking institutions have established branches in South and Central America. Under our Federal reserve act the Federal reserve banks themselves may, with the approval of the Federal Reserve Board, establish agencies in foreign countries. The potentialities of the Federal Reserve Act are not yet fully appreciated, I think, by our own people, but as time goes on its beneficial effects will be more and more felt and more and more realized. We have now the opportunity to become a powerful factor in world finance, not only because of the Federal reserve act to which I have alluded but because of the strength of our own economic position.

This conference meets at a time when we are celebrating the removal of the greatest physical obstacles to closer commercial relations between North and South America. The completion of the Panama Canal possesses a significance far deeper than the economy of time in transportation. It means the establishment of a new community of trade interests and must inevitably bring with it closer cultural and intellectual relations between the northern and southern sections of this hemisphere. [Applause.]

A combination of circumstances and forces—economic, political, and moral—is bringing us each day to a fuller realization of the part that we are called upon to play in giving to the world an example of the possibility and practicability of international cooperation.

Nothing would so stimulate trade between the southern Republics and the United States and make so certain the investment of United States capital in those countries as laws of substantial uniformity relating to commerce and finance, particularly in such matters as trade-marks and patents, consular invoices, bills of lading, regulation of commercial travelers, admission of samples, and many features of the custom laws, bills of exchange, uniform money standard, and various other things which it is not necessary to enumerate. I desire to appoint a committee, consisting of one member selected by the delegation of each country represented here, to consider the question of uniform laws and submit a report before the close of the conference. I would suggest that this committee consider a recommenda-

tion that a high commission, consisting of representatives of each government, be created for this purpose. Such a commission, acting under the authority of the various governments, could go thoroughly and intelligently into these important matters and recommend appropriate legislation.

The future of the Western Hemisphere gives promise of a practical and altruistic leadership that will in time powerfully and beneficially influence the course of world events. We have only to keep a clear vision, to cultivate the spirit of mutual helpfulness, to combine with our practical materialism a noble and humane idealism, to stand firmly for high moral principles, and to maintain unfalteringly the sacred rights of humanity. Let us hope that this great conference may contribute to that end. [Prolonged applause.]

Now, gentlemen, I have the pleasure, and the honor as well, of introducing to you the Postmaster General of the United States, who will talk to you about postal conditions. [Applause.]

**ADDRESS OF HON. ALBERT S. BURLESON, POSTMASTER GENERAL
OF THE UNITED STATES.**

MR. CHAIRMAN AND GENTLEMEN OF THE PAN AMERICAN FINANCIAL
CONFERENCE:

It gives me pleasure to have this opportunity to assure the members of this Conference that the Post Office Department of the United States will use its utmost endeavor, and avail itself of every facility, to remove obstacles it can reach which interfere with the satisfactory trade conditions between the countries of the Western Hemisphere. It goes without saying that satisfactory trade relations between two countries can not exist unless they have the aid of an efficient postal service.

Recognizing this fact, when I was called to the head of the Post Office Department I directed my attention at once to the condition of postal affairs existing between the United States and other countries of North, Central, and South America. The letter postage rate existing at this time between the United States and Central and South America was fixed by the Universal Postal Congress, which convened in Rome in 1906. It became operative in 1907, and it fixed the postal rate for letters at 5 cents for the first ounce or fraction thereof and 3 cents for each additional ounce or fraction thereof.

But by special conventions the United States established a 2-cent rate between the United States and the other countries of North America. These countries found it mutually advantageous. I do not say that it was the cause of satisfactory trade relations growing up between them, but much more satisfactory conditions exist between

the United States and the other countries of North America than between the United States and the countries of South America.

Believing that I should do everything I could to improve the postal facilities between the United States and the countries of Central and South America, I caused to be addressed to each of those countries a proposal that they should be given the advantages of the domestic rate of 2 cents, just as it existed between the United States and Mexico and the United States and Canada.

Unfortunately the European war came on, and the countries of South America and Central America found it inadvisable from their standpoint to make any change in the postal rate, because, as they believed, it would diminish their postal revenues, which they were unwilling to suffer at this time.

But, gentlemen, the opportunity will be given your countries again immediately upon the cessation of this horrible war across the waters, for then I purpose again to press it upon the attention of each Central American and South American country that they ought to avail themselves of an opportunity to enjoy the domestic rate of 2 cents on letters going from this country, and whatever the domestic rate is in their country, for letters coming from their country to the United States.

I confidently believe that if they would enter into this arrangement with the United States the increase in the volume of business would result in an increase in the volume of mail matter, which would more than offset the postal revenue that would be lost by reducing the rate. [Applause.]

I believe that one postage rate should be common to every country upon the Western Hemisphere, and a letter written in Patagonia ought to go up to the farthest point in British Columbia with a stamp of the same denomination that is used between this country and Cuba or between our country and Argentina, or any other country on this hemisphere.

Another thing I soon discovered, gentlemen: When I assumed control of the Post Office Department we had in this country, recently established, a parcel-post system, and it has developed somewhat. You will recognize the fact that there has been—without any boasting, now, I make the statement—a phenomenally rapid development of this service. During the last fiscal year we transported in this country through this service more than a billion parcels.

I immediately took up with South American and Central American countries the negotiations of conventions for the transportation of parcels in the post. The United States now has a convention with every Central and South American country save two; and yet there has been practically no development of the parcel-post traffic between

this country and Central and South America. The last fiscal year we sent from this country to all of South and Central America and the West Indies only 256,942 parcels, a smaller number than is sent out in the forenoon of one day in some of the cities of the United States. And what is the cause of that? Why is it that traffic between the United States and Central and South American countries can not be developed through the parcel-post system? Under the operation of the service in the United States I have told you of the development that we have had here. Only a casual investigation will convince one that the failure to develop the traffic with our neighbors is the lack, first, of frequent and regular steamship transportation facilities; second, proper banking facilities; and third, conventions between the United States and Central and South American countries for an exchange of money orders. You can understand this lack of development when you are told we have only one line of steamers between the United States and South America and that sailings take place at infrequent intervals.

You can understand that we can not develop a parcel-post service without the assistance of an efficient money-order service. And do you know that at this time there is a money-order convention of the United States with only three Central American countries and with only four of the great countries of South America? I have said great countries of South America. I am not going to name them, but these conventions are not with the great countries of South America but with four of the smaller ones. Now, gentlemen, there is a reason for this. These countries have been given the opportunity, time and time again, to enter these conventions, and the matter has been taken up by the authorities of the United States with each of the directors or controllers of postal affairs of various countries of South and Central America, and the advantages of this service have been pointed out to them. Two of the countries of South America do not even have a domestic system of money orders, but all of them, save these two, have a very efficient domestic system of money orders, and yet, as I tell you, we have a money-order exchange convention with only seven countries of Latin America. One of the reasons why we do not have it is the varying standards by which values are measured as well as their wide and frequent fluctuations. Before we can have satisfactory money-order conventions between the United States and all the countries of Central and South America there must be established in this country, in my judgment, a banking facility that will enable us to have exchange in dollars and not in pounds sterling. [Applause.]

Gentlemen, I have given in brief the outline of the condition of postal affairs as between our country, my country, and the various

countries of Central and South America. If fairly satisfactory trade relations are to be established between these various countries, we must have efficient postal service between each and all of them.

In my opinion, the first thing that must be done is the establishment of proper, frequent, and regular steamship transportation facilities; not for the advantage of the United States, for, in my opinion, this ought to be done in cooperation between the countries of South America and the United States or between the citizens of the countries of South America and the citizens of the United States. [Applause.] Not for the advantage of one over the other, but for the benefit of all. Then good banking facilities and postal relations, and we are in sight of the goal.

So far as I am concerned, gentlemen, I have now covered the subject matter which the Secretary of the Treasury gave me to discuss. Again I want to assure you of every endeavor of mine as Postmaster General to improve the postal facilities between the United States and all the countries of South and Central America. [Applause.]

This is a most important conference. If you gentlemen do your work well, in my opinion the result will not only prove of lasting benefit to our countries but it will the more firmly cement the sincere friendship which at this time happily exists between all of the countries of North, Central, and South America. [Prolonged applause.]

Secretary McADOO. I now have the honor of introducing the distinguished Secretary of Commerce of the United States. He has made a very thorough study of South American problems and he knows all about commerce. I feel sure that you will be delighted to hear from him.

ADDRESS OF HON. WILLIAM C. REDFIELD, SECRETARY OF COMMERCE.

Mr. CHAIRMAN AND GENTLEMEN:

It seems to me that it is rather a grave duty to speak to you to-day, for what is said now is said at such a time as man never knew before, at least since the industrial and financial system which we use was founded. Almost all the world is on fire except ourselves, and we, both of the North and the South, have felt some of the reflected heat. The sources of credits, yours and, to some extent, ours, were suddenly shaken or broken. The currents of trade with which we were trained to be familiar and on which we have hitherto depended were suddenly stopped and there has been in every land here represented more or less distress. Gentlemen, we are gathered here representing two great continents with many common ideals, but too little in touch with one another in the past. It is not an official part

of our program, but it is a real fact behind our program, that the shock of war has thrown the Americas together. They must see what they can do for themselves at a time when contact with a large part of the world has been rudely interrupted, and we are here to determine what it is possible to do to help one another, for we know, as truly as men can know the future, that the thing which has occurred between Europe and ourselves can not occur between the Americas. The conditions do not exist that can make it thinkable that there should be between the North and the South and the East and the West of America such a situation as unhappily has broken the intercourse with our brethren on the other side of the Atlantic. [Applause.]

I should do injustice to you and to myself if I did not express, first, a pleasure and, second, a hope. The pleasure is that which is common to myself and my colleagues in the Government of the United States in having you here where we can meet one another face to face and hand to hand, where we can talk together of needs and opportunities and come by personal contact into that thorough understanding which it is difficult to reach in any other way. The hope that is in my mind is that this conference shall not be one merely of pleasant fellowship and even of delightful association leading to happy memories but that it shall be the beginning of tangible things upon which there shall be built a structure of mutual self-help that shall long endure to our common good. Out of the words that shall here be spoken let us both intend and strive that deeds shall come, acts which shall be effective and lasting, tracing their genesis to this honorable source.

With this background, therefore, of pleasure and hope so inadequately and briefly expressed let me discuss with you matters of mutual concern.

First of all, therefore, we will speak frankly of certain misconceptions, and will begin with one of our own. Too much in this country is it the habit for business concerns to insist when making sales upon cash with documents. This means, of course, where goods must travel far that the seller is in possession of his money long before the buyer has opportunity even to receive the goods, much less to sell them and get paid for them. It is obvious that this process carried to an extreme would require an abnormal proportion of free money on the part of the buyer and a considerable loss of interest and use of same because it would be tied up while the goods which it represented were still in transit. There are, to be sure, business houses that prefer to buy their goods this way because it permits them not only to take advantage of cash discounts but to give them that power in buying which is always his who has the money ready with which immediately to pay. The method, however, is

one which is not possible to many a solvent merchant, and this being so it is restrictive of the operations both of the seller and of the buyer. In so far as it arises from ignorance, as it often does, it indicates to some degree the extent to which such ignorance acts as a handicap to the seller. In so far as it arises from distrust of responsible houses, it is almost an impropriety provided such distrust could be removed by available means of information; and if there were no reason for the distrust, then is the seller doubly hurt, both because he has made a business mistake in feeling the distrust and because he is hampered by the ignorance out of which it arises.

There are, as every business man knows or may know, houses in every important city in the world a debt from whom is a good asset, and with reasonable care our business concerns should be, and many are, willing to sell abroad on open account, as they do at home. The extending of long credits, concerning which much is said, seems to me, however, a function rather of the banker than of the manufacturer. The latter is himself the victim of short credits. He must pay immediate cash for his labor and often for his materials. If he under these conditions is to sell on very long credits, he must be paid for so doing in the prices that he must charge. Long credits, therefore, do not permit cheap goods for the buyer, but the reverse. The manufacturer who can close an account quickly and proceed to another transaction can afford, through the rapid turnover of his funds, to sell at a margin impossible for him who by reason of long credits must do business on a more extended and more costly basis.

On the other hand, it is, of course, true that the solvent merchant who may not be able to afford cash with documents for goods which may be weeks in reaching him may still have credit amply good to warrant advances on the part of a banker to pay for actual merchandise from which when sold the seller will receive more than sufficient to repay the loan. The more normal process of trade, therefore, would seem to be not for the buyer to call upon the seller to grant long terms, with the corresponding disadvantage in prices, but for the banker to intervene, and seeking only normal interest on sound loans to carry the transaction over from the seller to the buyer in such wise as to be a burden to neither while profiting himself for his useful service.

There is, however, another side to this whole matter. Just as it is true that some houses prefer to buy cash against documents so it is true that there are large houses among our industries that are willing to sell on long terms. At this point, however, comes in another principle, which is quite as important as that either of prompt cash or long time, and this is the principle that however payment is to be arranged it should be the absolute standard of practice that it should be made just as it is arranged. If we must

plead guilty in part to such ignorance of credits abroad on the part of some of our sellers as induces them at times unwisely to demand cash against documents, it is also true that sometimes our sellers who have extended the longer credits demanded have not received payment at their maturities. What is essential seems to me to be the carrying out of the transaction with equal accuracy in all its forms. If the buyer desires goods shipped by a certain steamer on a certain day he should himself be prepared to make his payment with similar certainty. If this one thing were done a serious difficulty would immediately disappear from our mutual transactions. It is so evidently sound that I venture to hope the influence of those here assembled may be exerted strongly and continuously in its favor.

Having spoken thus frankly on one phase, let us now proceed with equal plainness to another. It is perfectly well known to our friends in Latin America that we of the north lack the more gracious and formal manners so pleasantly visible throughout our sister nations to the south. We have not the same courteous style in correspondence. We lack the recognition of the politenesses which so pleasantly illuminate the path of our Latin-American brethren. We are thought abrupt if not rude in manner and in speech, especially in written speech, and if this be taken relatively it has in it a certain measure of truth. Our business proverbs do not tend to cultivate the charm of business intercourse. We speak of "getting to the point," or we say the "gist of it is so-and-so," as if the commercial result were the sole thing involved in business intercourse. In this we may grant you we are losers, for in believing there is no sentiment in business we lose sight of the fact that there is, after all, a great deal of sentiment in commerce, which is, indeed, more influenced by sentiment than many of us like to think. We lose the charm of the personal and friendly touch and become too nearly automatic in our commercial affairs, turning our salesmen too nearly into selling machines and depriving them in their business work of the finer sides of life. All this is true. It has arisen in part out of the circumstances of our history and out of the differences of background. It does not mean, however, all that it seems to mean, for behind the abrupt word and the curt speech lie often the hand and heart of a willing friend. A man who signs himself "yours truly" may be as genuinely a friend as he of the more formal address; and if we, upon our part, have to learn something of the more stately courtesy of speech, possibly there may need to be learned something also, on the other hand, of how much genuine character and good will may be crowded into brief words.

There is, I venture to think, sometimes a tendency in other lands to regard us as ill-bred because of this assumed brevity of speech or

because of certain characteristics of language or of manner that seem, to say the least, peculiar to people accustomed to *st  telier* ways of intercourse. I have no doubt that this conception has wrought a double harm. It has, upon the one hand, led to a misunderstanding of the genuine spirit behind the brusque words and actions and, upon the other hand, to a misapprehension on our part of the value of the courtesies which make life both tolerable and comfortable. For my part, I am willing to agree that we have much to learn in the amenities of commerce. I only plead for my countrymen concerning this, that they are kindlier, more genuine, more sincere, and altogether more worthy than they may seem to be when projected against a background to which they have had no opportunity to become accustomed. [Applause.]

May we think together now of certain matters that should be (to use our current phrase) "ironed out" before we shall reach that readiness of intercourse so greatly to be desired between us? Business to move freely should be as nearly automatic as possible. Its processes should be simple, direct, inexpensive. Anything which puts an obstacle in the way of the easy interchange of commerce affects that commerce only hurtfully. The currents of trade should flow for mutual good along the lines of least resistance. Practically, the question of licenses for commercial travelers is sometimes a serious one. We used to have them here in various forms between our several States, and in one or another way efforts have from time to time been made to tax in one State travelers coming from another. This has all passed away under the overshadowing protection of our Federal Constitution, under which commerce is absolutely free and unrestricted between the sovereign States which form this Republic. I feel that between nations a tax in the form of licenses for commercial travelers is simply another way of restraining commerce from proceeding; that it is simpler, cheaper, and in the final result far wiser to avoid such forms of expense imposed on trade in order that from the larger trade which grows normally when it moves freely greater revenues may in more normal ways be secured.

We do not suggest, nor have we in the back of our thought, that any privilege should be extended us not granted on equal terms to others. We want no special favors in the peaceful contests of commerce. We think it would be better for all concerned if there were as little as possible in the way of obstacles put in the way of the trade of all peoples. The least necessary friction on the flow of commerce seems to us the wisest course.

There is one thing incidental to what I have to say greatly needed in South and Central America concerning us of the north, and that is some systematic and reasonably accurate news service which shall not publish throughout all our sister nations the small and the narrow

and the poor and the bad exclusively. I have discussed this important question with the managers of our leading press associations and they deplore it but find themselves for the moment helpless concerning it. There is no direct cable connection now, they tell me, for press dispatches, for example, with the city of Rio de Janeiro, and I feel that we suffer in the eyes of our brethren at the south for lack of a truthful picture of us presented every day in the columns of the daily press in the cities of Spanish America.

We think it should be made a matter of care that your great commercial centers should be connected with those of all the world on an equal basis. It should be as cheap and convenient for you to communicate from your cities with ours as with those of Europe. At present it is possible for you to cable from some of your cities to European points at a considerably less cost than to our own, and in some cases the difference is striking. Without knowing how far this matter may be within the direct control of your several Governments, it seems to me that a sound policy can be laid down on this subject in this way: It should be as easy and as cheap for all America to communicate with itself as it is for it to communicate with lands across the sea. There ought to be no handicap of telegraphic rates between American countries in favor of European ones. We of America are in a sense of one international family, and we should see to it that the family is not at a disadvantage in this important respect. [Applause.]

The same thing is true in matters of transportation. I suppose no nation has ever paid so great a premium on behalf of its commerce as we have paid in the cost of the Panama Canal. If we are to get the results of that investment there must be ships under our own control to navigate that canal wherever and as often and of such a character as the needs of our commerce require. This, one might think, is purely a matter for ourselves, but it is not wholly so. It ought to be the case that all of the peoples here represented shall be bound together by ocean transit lines as frequent and as good as those which ply from any land to our common ports.

Upon these general statements most men will agree, save, perhaps, those whose direct interest in this subject may lead them to look with normal hesitancy upon a larger competition in their own field of activity. The nations require better means of transportation. More and better ships are necessary to bring your goods to us and ours to you; aye, to bring you here and take us yonder. It is a vital necessity that if America is to be more closely knit together it should be made as easy and as rapid as possible for us to go and for you to come and for our letters and our goods to move frequently and with speed. We are in this country in the humiliating position of doing our foreign trade by the consent of those other peoples who have the ships

to carry it. This consent is of course given so long as it is profitable for them to give it. The danger of the situation lies in the fact that our interests may not always be common, and when they diverge they may if they will divert the means whereby our commerce lives. So long as they need the things that we produce and can profit by moving them for us they will of course do it; but if some sterner necessity arose with them they might neither be able nor willing so to do, and then we would suffer. I do not think the people of the United States, when once they realize that it has been by the protection of foreign navies only that we have been able to carry on our foreign commerce in recent months, will be willing long to have it remain so. The question is one for which we are earnestly seeking a solution, and contributions that can be made to sober and to progressive thought upon the subject will be welcome to us from wherever they may come.

We have suffered no little here from men who rose to speak on this theme with negatives in their minds, whose first expression was "Thou shalt not," and unhappily these negatives have been far too powerful thus far, so that the merchant fleet of the United States is all too near itself being a pure negation. We hope that a more affirmative spirit may arise, in which the getting of a merchant marine into active service may be understood to be so vital a matter that the men with the negatives will cease to be so powerful as hitherto they have been, and this people of ours, which prides itself upon being an affirmative people, may in some manner get that which they are beginning to see as essential at once to their prosperity and their self-respect. We earnestly desire the development of a merchant marine which shall facilitate intercourse between us, which shall make the names of your ports and of your mercantile houses both welcome and common among us.

It is frankly recognized that there are readjustments necessary in some of our commercial ideas and methods if we of the United States are to develop our commerce with South and Central America in the most helpful and permanent way. We must learn not so much to offer the things we want to sell as to make and offer those which the customer wants to buy. It is not to be expected that markets in other lands will wish to use the goods which please us here. The mere fact that we happen to like an article of a certain design or color is no reason why anyone else should like it. It does not follow at all that because something sells well here, therefore it will sell well elsewhere. Some of us must learn to do our business more intelligently in this respect, and I am happy to say that there is a growing and, I think now, a fairly general understanding of this primary fact.

There is another subject of which I have frequently spoken, my American friends of the north. Suppose a Russian salesman comes to your city to sell you goods, in New York or Boston or St. Louis or Chicago, and he presents to you literature in Russian, with Russian weights and measures, and he himself speaks only Russian. How many goods will you buy of the Russian salesman? And yet precisely that process is what we of the United States have at our infinite cost attempted to do almost all round the world. I speak from personal knowledge. A business house in one of our two largest cities sent a package of goods to a European city where I had an office. It lay some days untouched beside my office in the hall. At last, to get it out of my way, I opened the box. In it was a lot of English literature, in feet and inches and pounds and ounces, and it was intended for consumption in a French community. Yet the North American house that sent that box was conspicuous in the United States for its wealth, its size, and its power in its business in this country, and its name is a household word among many of our business men. That is a kind of primary business we must get well over before we shall be treating our friends in the Southland with proper respect.

Again, we must learn not to put our business in other lands in the hands of those citizens of other countries whose interests may be at least as great in the products of their own land as they are in those of this country, if indeed they are not much greater. The producers of the United States must not only offer their wares in other countries of such a kind as please the people in those countries but they must do it through media which take a primary interest in the products of the United States and not a secondary or possibly an adverse one. [Applause.]

May a word be said in strong assertion of the fact (sometimes in some places questioned) that the merchants and manufacturers of the United States are honorable men, seeking to do business by methods that are open, sincere, and morally sound. We know that such a thing as substitution of goods for others which were ordered has happened. We know that there are those who have insisted that they know better what the buyer wants than he does himself. We know that instructions have been ignored and that matters which were not understood by us did not receive the attention that should have been given. These things are true, though not to the extent, I hope, that has at certain times been alleged. They are not evidences of indifference or of purpose to do wrong. They are, rather, normal indications of beginning to do a kind of commerce the nature of which was not fully understood for lack of experience in it and they are passing things—indeed have largely passed away, and they are

also things against which our business public, which is intent on doing its work in the right way, seeks carefully to guard itself and on which it welcomes light.

Let me emphatically state that confidence may be put upon the honor of our business houses and their purpose to give value for value. In every large country there are individuals who sin, but we are all too wise to judge the country a wholesale sinner on that account.

A beginning has been made (a welcome beginning, but only a beginning) in placing American banking facilities among the peoples of Spanish America. It is earnestly to be hoped that this may greatly increase and that it may not be long before in every important center throughout America there shall be a banking institution through which the currents of fiscal affairs may readily flow through all the length and breadth of our two great continents. I hope the day will soon come when the securities of the different nations here represented, and of the subdivisions thereof and the great enterprises therein, shall be well known in our exchanges; and not only so, but it shall also soon come to be true that in every important city in the lands here represented it shall be an ordinary and simple thing to receive and to remit funds drawn upon strong financial institutions in either of the two continents whom we represent. Such an ideal can not be rushed into being, for haste would mean waste, but it is earnestly to be desired that there shall be steady progress toward it. We recognize that if the commerce between us is to be of mutual service we must do our share of the buying as well as of the selling, and we welcome every instrumentality which makes it easier for us to do our part. [Applause.]

Finally we pass to our conception of commerce, and especially to the form which it seems that commerce must for the present take if it is to be developed to the full. There are in many of your lands great resources, some of them all but untouched. They need the magic power of money to turn them into living factors in your national life. The great stream of credit which has flowed out from European bourses is interrupted or cut off. America is in a peculiar sense thrown back upon herself. This is true throughout her length and breadth, in all her divisions. Never was she since our commercial and industrial and financial system was established so isolated from the world upon the one hand and so necessary to the world upon the other as now she is. It is, of course, true that a great, and in some respects a growing business, is being done, particularly between us and the other peoples of the world who have been deprived by the war of the sources of supply which have been normal to them. Nevertheless it is financially true, so far as we of the United States are concerned, and it is commercially true in large measures so far as our sister nations of Latin America are

concerned, that we are independent, or rather separate in a sense that we have never known before. That separation has not been wholly happy in some of its results. It has deprived many of our sister nations of sources of credit to which they were accustomed, of sources of supply from which they have long drawn, and nothing has as yet arisen to take their place sufficiently.

It is here that the door opens for great good, if we are but wise and courageous enough to see it. The peoples of Latin America have been richly endowed by nature. They have great abundance of the things which are drawn out of the bosom of the kindly earth. We of the United States, being blessed also in this same respect, have been fortunate in having added a highly developed and powerful industrial system also. The machines in our factories may be said to yearn for the supplies which come from the fields and forests of the south. Much that is there grown is indispensable to our needs. Much of it we can not at all grow ourselves.

It has so happened that we, though until recently a debtor people, and perhaps in some degree still in that class, are also a great saving people, and that under present conditions we have available larger amounts of free money than ever before in our history. I have noticed with much gratification that some of this money has been invested either in securities of Latin American lands or in the form of credits for them. If I note the current of affairs correctly, it seems to me that the course which is indicated for the United States is to extend the right hand of fellowship and of aid to her sister nations of kindred forms of government, from whom the shock of war has, without fault of their own, removed the financial basis on which they have hitherto largely depended.

It is earnestly hoped both for the sake of American finance and commerce that the men who guide our fiscal institutions may see their way to a broader participation in the financial growth of Spanish America. There is no such solid foundation on which to build a great commercial structure as that of mutual self-help. If we who have the means will say to our brethren in the southern lands, "We are ready to help you to the extent of our power; we are not without our own problems, indeed, but we will serve you as well as we are able," then having done our part we may with more reason ask them for a larger share in the larger commerce that will normally spring out of our participation.

Fortunately for us all the bankers and the manufacturers of the United States count among them many men of vision and of high ideals. They play the game of finance and commerce according to high standards and by fine rules. They look not so much at the thing which to-day is as at that which to-morrow shall be. They are willing to act to-day to help develop the to-morrow. They know

that more profit comes to each when both sides are gainers. They do not need to be told that rich prizes await him who develops the resources our southern sisters so abundantly possess; but they are too wise to think that to attempt this in a purely selfish way would long remain either pleasant or profitable.

We have begun to get together. Our men of light and leading in finance and commerce have taken the first step. There should be many more taken. The Department of Commerce, which I have the privilege of representing before you, will do all it can now and hereafter to promote mutual intercourse to mutual gain, and will welcome suggestions as to how this can best be done. It possesses means of publicity at home and abroad. It will not hesitate to ask Congress for such further powers as may be shown to be practicable in the development of our mutual trade; and Congress, I believe, looks with broad sympathy on practical efforts to unite America in a commercial bond which means mutual intercourse for mutual good. [Prolonged applause.]

GENERAL ANNOUNCEMENTS.

Secretary McADOO. Gentlemen, I wish to make one or two announcements before we proceed further with the work of the Conference. First of all let me say that the new edition of the program will be ready to-morrow. That will include the names of representatives of the United States, as we did not have acceptances from all of them at the time this edition went to press.

I also wish to say that credentials may be delivered to the Secretary-General at the hotel, and that we shall defer the roll call of the delegates until to-morrow morning, when everyone will be here.

In arranging the program it has not seemed wise for the presiding officer to suggest who shall speak for the different countries here or for the United States. We have purposely, therefore, refrained from putting on the list the names of speakers, because we wish you all to feel that you have the utmost freedom, and that at these general sessions anyone may rise and present any subject upon which he desires to talk.

I notice that the program says there will be "remarks" by delegates and guests. I think that the word "remarks" has perhaps a different signification in Spanish from that which it has in English. I am led to believe that in Spanish it has a restricted sense, and that somebody may draw the inference that if a delegate wants to make an address or longer speech than mere remarks he may be precluded from doing so. I wish to assure you that the word is not used in that sense at all. Any delegate may speak just as long as he desires and upon any subject that he pleases. We have been asked if certain

delegates might speak at certain times. Some requests of that kind have been made for the session to-morrow morning. I may say that if any of you should desire to speak to-morrow morning, or at some other session, and will hand your name to the Secretary-General he will be glad to see that you are allowed to speak at such time as can be arranged. I am alluding particularly to the foreign guests. I may say the same thing about representatives of the United States who are here, that if any of them should care to be put down for any particular time on the program and any day of the program, and will send their names to the Secretary-General, he will arrange it accordingly. I hope, however, that the conference will resolve itself into an informal discussion without any arrangements—I mean any prearranged plan for general discussions. I think we will probably get better results that way.

GENERAL REMARKS BY DELEGATES.

Now, gentlemen, I am going to suggest to you that our foreign guests be permitted to open the discussion to-day, and we will proceed in that direction as long as time will permit, and we will resume again to-morrow morning with the general discussion and have as thorough a talk as we can until the group committees meet to-morrow afternoon. After the discussion has proceeded as far as possible to-day I shall announce the group committees. I think perhaps it would be well to call on the representatives of the foreign countries in alphabetical order, as we did this morning, so that they may respond if they desire.

(The Secretary-General, Dr. Rowe, proceeded to call the roll.)

ARGENTINA.

Dr. SAMUEL HALE PEARSON. I am only going to say a few words, if you will excuse me. I simply desire to state that I, as one of the delegates of the Argentine Republic, have made a brief study of the finances of our country since its independence, beginning with the first loan that was made in the year 1825 by the firm of Brown Bros. & Co., of London, continuing the big financial operations which had been done with Messers. J. P. Morgan & Co. and Morton Bros. & Co., of New York, and up to the most recent ones with the National City Bank and various others of European connection. I have also made a few observations with regard to a number of banks. From the beginning, the first foreign bank, still in existence, was the London and River Plate Bank that started in the early sixties and holds to-day in Argentina a very prominent place and probably the first rank as a banking institution in the whole of South America. It has a capital bigger than that of any North American bank. I have ex-

plained in a few words what was done in regard to our State loans before the crisis and the way the Government took up the old State loans, in order to rearrange its credit with guarantees.

I do not want to read this now, because it is rather long. If you will permit me, I will pass it to the Secretary-General and have it printed and circulated, as I think it may be interesting to a great many of the gentlemen here to know exactly how the finances of my country are to-day and what they were one hundred years ago.

Secretary McADOO. If you will deliver it to the Secretary-General, he will have it printed in time for distribution to the Conference, and it will also be printed in the final publication of the Conference.

Dr. RICARDO C. ALDAO. Mr. Secretary, I wish to say that arrangements have been made by my colleague, Dr. Pearson, by which I shall devote my attention especially to trade and the legal side that may be of interest to my country. I have been occupied with that, and will present it to our committee when it meets, in order that it may be submitted to the Conference in general meeting.

BOLIVIA.

Dr. IGNACIO CALDERÓN. We have had the pleasure of presenting a memorandum of our finances. I am not going to make any special remarks now, but I may say that we have also printed a whole report of conditions in my country, its resources, and everything outlined in the topics suggested in the preliminary program. Therefore I would rather wait until we discuss in private committee what suggestions can be made in order to be in a position to present the matter later to the general session.

Secretary McADOO. Let me explain that it is not necessary for the delegates to make any presentations at this time unless they care to. We simply wish to extend to them the opportunity.

BRAZIL.

Dr. AMARO CAVALCANTI. I have no particular observations to make at the moment. I have some suggestions that I will lay before our committee at the proper time.

Secretary McADOO. Allow me to remark to the gentlemen from Central and South America, that if you will write upon a piece of paper the name of anyone that you wish to represent you on the Committee on Uniformity of Laws and give that name to the Secretary-General while we are proceeding, it will save time. That may be done while the discussion is going on. Just agree upon your representatives and let us have the names.

COLOMBIA.

Dr. SANTIAGO PÉREZ TRIANA. Mr. Chairman, we have prepared a statement as to the financial burden of Colombia, from which can be gathered also what we may need in the future. I am ashamed to say that we have a very small debt. We should have borrowed more in the past than we have. We only owe 20,000,000 pounds sterling as against a population of $5\frac{1}{2}$ million people, and we have facilities for employing ten or fifty times that amount, and we hope we will be helped here, for the benefit of those who help us and for the benefit of ourselves. We began borrowing a little before the establishment of the Argentine Republic, when we were the Province of New Granada. They started in 1825. We started in 1821. Our first borrowings were from England, made in conjunction with the other two Republics—Venezuela and Ecuador—which at the time constituted New Grenada. Our credit is good, our facilities for employing capital are immense, and we shall try to expand all that in due course from resources that we have already, and also from additional ones.

COSTA RICA.

There were no suggestions to be made.

CUBA.

Dr. PABLO DESVERNINE Y GALDÓS. Mr. Secretary, we are preparing a statement to be filed at the proper time, which will include the topics treated in the preliminary program. I have taken some notes of what the honorable Postmaster General has just said when he referred, for instance, to the parcels-post arrangements which we have not as yet in Cuba. We do have, however, something pertaining to that, such as the money-order system and the standard unit of values, as well as good transportation facilities; and in spite of all this we lack parcels-post service with the United States. The reason for that has been the obstacles we have met in sending out some of our important products. For instance, in Cuba, if we had a parcels-post system it would mean that we could ship tobacco, cigars, and cigarettes; and, if my recollection is correct—of course, I may be mistaken in my figures—a minimum of only 3,000 cigars may be sent by mail to the United States. Therefore, if we did have the parcel-post service, we would not be in a position to send cigars here unless we sent the minimum of 3,000, which is not a convenient amount to be sent by mail. I am, however, negotiating with the American minister to Cuba, to sign an arrangement for a parcel post, and I think we will succeed; and that Cuba will have the system which you now have, the standard unit of value and good transportation facilities of the United States.

All of that, of course, will be taken up by us and explained in an intelligible way. Owing to the pressure of time, this is all that I can say now, but the matter will be gone into in the memorandum that we shall present.

Secretary McADOO. Of course, these subjects that you are discussing now will be considered very thoroughly in the group conferences. The roll was being called to see if there was any subject of general or common interest which ought to be brought before the full Conference.

THE DOMINICAN REPUBLIC.

Dr. FRANCISCO J. PEYNADO. Mr. Chairman and gentlemen, I was highly gratified when I heard the suggestion urging the parcels post for reducing rates, etc., and I desire to say that those points have been covered in a proposition that has been drawn up by the Dominican Government.

The task of rapidly promoting a permanent increase of commercial business between the United States and the Latin-American countries is more than anything else an educational one.

The war that is devastating half of the civilized world has already produced, and will continue to produce for some time to come, a tangible increase of inter-American commerce, as an inevitable result of the closing of the ports of Germany and of Austria and of the withdrawal from the seas of the merchant vessels of those two nations.

But the paralyzation of the German and Austrian commerce is only temporary; and if an educational campaign, to teach the countries of Latin-America that here in the United States are produced or may be produced all the manufactured goods formerly exported by Europe, is not undertaken at once and with tenacity undoubtedly when the war is over the business will return in great part to the channels it followed before the war. This must be true for the simple reason that so short an experience with the goods of the United States, even though it were to be supported by the good will of the Latin-American Governments, would be impotent by itself to destroy habits and prejudices of many years standing. This result is the more likely to follow if little be done to convince Latin-Americans that the diversion of trade which came about through necessity can best be continued upon grounds of unquestionable convenience and profit.

In an international educational campaign the most powerful weapon is the post. An army of traveling salesmen, as big as it might be, can not be compared—either in the rapidity of its effect

or in its ability to reach the remoter regions of a country, or in its possibility of serving equally the small and the large manufacturers and exporters—with the effect of letters, circulars, and the newspapers.

The efficiency of the post is undoubtedly more immediately useful to the producer than to the consumer, and to the manufacturer than to the agriculturist; and in this respect the United States should be chiefly interested in such an improvement. As consumers of manufactured goods and exporters chiefly of agricultural products the Latin-Americans have little to advertise, since they know that their sugar, their cocoa, their hemp, their rubber, and their coffee will be sold here even though not advertised; and naturally the Latin-Americans may not see the necessity of undertaking a campaign for the purpose of educating their own people with regard to the fact that the goods they have previously obtained in Europe are also to be obtained in the United States. But this difficulty could easily be met by providing that the signatory Governments should contribute to the payment of the general service in proportion to the benefit received by each.

In view of these considerations the delegation of the Dominican Republic has the honor of submitting to the conference the recommendation that a special committee be appointed to study Latin-American postal conditions and to propose to all the Governments of America a plan for a Pan American postal convention which shall include the following provisions:

1. That the letter postage and the postage on circulars and printed matter between each and every country of the Pan American Union be established upon the same basis of rates as that now existing between the United States and Cuba and Mexico.

2. The adoption by all the countries of the Pan American Union of the same rules and the same rates for newspaper postage as that now existing in the United States.

3. The adoption by all the countries of the Pan American Union of a uniform service of postal money orders and parcel post.

4. The establishment of a Pan American postal commission, with headquarters in Panama City, which shall act as a clearing house for the postal administration of all the signatory Governments.

Secretary McADOO. I wish to say that all of these addresses in Spanish will be translated promptly into English and printed as the Conference proceeds, with as much rapidity as possible, so that you may get the benefit of them in both languages, and that similarly addresses delivered in English will be translated into Spanish as quickly as possible and distributed in the Conference as rapidly as we can turn them out. But, in any case, in the final publication

of the proceedings everything will appear both in Spanish and in English, and will have general circulation.

(The above was interpreted by the Secretary-General.)

ECUADOR.

Dr. JUAN CUEVA GARCÍA. Mr. Chairman, the delegation from Ecuador has presented a memorandum upon this subject, and I understand that we are going to send it to the general committee that is to be appointed. As it covers a diversity of subjects, I would request that it be printed and circulated among all the Latin-American delegates as well as among the invited Americans generally. As I understand it, the delegates attending this Conference are not empowered to sign treaties or pass laws, but I nevertheless hope that we shall be in a position to pass resolutions recommending some subjects, so that when the group committees report all the delegates may be informed what they are going to discuss.

Secretary McADOO. I wish to make it clear that these group committees from each country are expected to discuss subjects that relate to that particular country, and we are leaving it to the delegates from those countries to make their own recommendations in such form as they desire to present them for incorporation in the final proceedings of the Conference. The general committee which is to be appointed this afternoon is to make a report and recommendation with respect to uniform laws only, and as a basis for conferences in the future to bring about that sort of uniformity. I will ask the Secretary-General to state that in Spanish so that all the foreign delegates may understand it.

Dr. JUAN CUEVA GARCÍA. The suggestions made by Ecuador are of a general character.

NICARAGUA.

Dr. PEDRO RAFAEL CUADRA. I beg to submit to the Conference a proposal which I consider of vital importance for international trade. I have observed in the economic history of several countries, and recently in that of my own, that an inflated currency is a terrible handicap to the development of international trade and commerce. It is hard to conceive worse conditions than those produced by the unsettling of business based on the shifting sands of a fiat money. So I have come to the conviction that there is not, nor can there be, any chance at all for closer economic relations between a country with a sound monetary system and another without one. It is not advisable for any merchants or credit institutions to encourage their business in countries with inflated currencies.

For the reasons above stated, I think that for the Conference to "develop practical results of the most beneficial sort to our respective countries, and even closer relationships between them," as we all hope, it is absolutely necessary to insist on the international advantage of a sound and stable currency in every country, and even, if possible, to have the Conference declare that an inflated currency is to be considered an injury to international commercial relations.

Dr. PABLO DESVERNINE Y GALDÓS (Cuba). Mr. Chairman, I am somewhat perplexed in regard to that general committee. Is it proposed that the general committee shall make a report as to the advisability for uniformity of laws, and state the reforms that ought to be made in one or two sessions?

Secretary McADOO. I do not think you can do it in one or two sessions, but the idea was that while you are all here, representing your different countries, you might discuss and reach a conclusion, as far as practicable, as to those laws regarding which you are satisfied that uniformity would be advantageous; and you could make a preliminary report covering as much of the subject as you could agree upon, and that could be used as a basis for consideration by the different countries that are inclined to take up the subject seriously and elaborate it properly. It was simply to get the matter started.

Dr. DESVERNINE Y GALDÓS (Cuba). We have studied the subject already. We intend to state, and to set forth, that we deem it very advisable that there should be some uniformity in commercial laws and customs regulations, but of course we had to restrict ourselves to some generality in that matter because going into detail with other countries makes it a difficult proposition.

Secretary McADOO. You can not go into the details of it, but you can discuss general propositions that would be applicable.

The calling the roll was resumed.

PERU.

SALVADOR.

URUGUAY.

There were no suggestions to be made.

REMARKS BY MEMBERS OF THE CONFERENCE.

Secretary McADOO. I should like very much to have the representatives of our country feel that they may say anything they care to bring forward for the consideration of the conference on any subject they may wish to present. I shall make no suggestion, but I hope

you will not hesitate to come forward and contribute anything you care to offer.

Mr. Vanderlip, would you care to speak on the subject of branch banking?

MR. FRANK A. VANDERLIP (New York):

Mr. Chairman and Gentlemen of the Conference—I am not prepared with any formal address on the subject of branch banking. As you all know, the Federal reserve law has made possible what was never possible before—that is, branches of national banks in foreign countries. We have made some little start at that, and will go a great deal further, I hope.

It seems to me that we are in many ways in a specially happy position now to develop foreign branches and through these to develop foreign relationships. This Federal reserve law has made some fundamental changes in the banking situation in the United States. It has not alone given us permission to start branches, of course, but it has done other things that will be of great advantage in connection with these branches.

The position that we are in at the moment, in reference to banking reserves in the country, is a thing that is worthy of note both by our visitors and by ourselves. I doubt if our own bankers have all of them considered clearly the full significance of the present position of the surplus reserves of the country. I have not the figures before me, but as I remember the last report of the Comptroller of the Currency shows a surplus reserve above the legal requirement of about \$734,000,000. Normally the national banks of the United States have run along with a surplus above the legal minimum of perhaps 60, 70, or 100 millions of dollars. The new reserve law has reduced the reserve requirement, and we have now as a result of that reduction of reserve requirements, plus a dull demand, this enormous surplus of \$734,000,000 above the legal requirements in the national banks alone. There is a similar plethora of reserves in the State banks. You may say that is merely a matter of reduction in your legal requirements. It is more than that, for the Federal reserve law makes it probably quite as safe banking to run a bank with the minimum reserve now provided as it was to run with the minimum formerly provided. That means, then, that we have in this country a perfectly enormous capacity for expansion of loans, and that is the point that I wish to get before your minds.

We can probably expand loans two or three billions of dollars with the present reserves, and, indeed, there is a tendency toward augmenting those reserves by the importation of gold from nations that have a debit here and find the shipment of gold the only way to pay it. So, if we are in a state of unpreparedness for war, we are in

a state of preparedness for extending our financial relationships abroad and for developing our banking credits at home.

I think that is a matter of very great importance for us to recognize in considering the building up of these new relationships that we are talking about with South and Central America. Most of those countries are in much the position we were in a generation ago as to capital. They are, indeed, in the position we occupied up almost to the present time, where they must look outside of their own countries for capital.

We have found heretofore very full employment for our own capital at home, but I believe our growing wealth and this new banking law and other considerations are going to open the field and greatly to increase our power for making foreign investments. The sum available for that purpose will be vastly greater than we have ever had before. That is one reason why I look forward to results flowing from this Conference and from the interest, which is certainly as wide as this hemisphere, that will grow into closer relations between these American countries.

I thank you, gentlemen. [Prolonged applause.]

Secretary McAdoo. The Secretary of Commerce begs me to express his regret that a business engagement requires him to leave at this time.

I would be very glad to hear from anyone else from the United States, unless you prefer to wait until to-morrow, in which event we will proceed to announce the appointment of committees.

ANNOUNCEMENT OF COMMITTEES.

I wish to say in advance that the assignment of committees has been an extremely difficult task. I confess it has caused us a great deal of perplexity. The desire naturally has been to assign the men who have come here to represent the United States to the different countries in such a way as would bring the delegates from other countries in touch with men of this country who are somewhat familiar with the problems of those States to which they are assigned; but it has not been possible to find in our own land a sufficient number of men who are familiar with the problems of the nations to which we have been compelled to assign them.

Of course, this Conference is intended to be educational, anyway. It is expected to be educational to the men who participate in it as well as to the people of the various countries represented here. Therefore I hope that, although many of the American delegates may be unfamiliar with the problems of our good friends from South and Central America, they will yet learn from these round-table conferences something of one another; and that, as a result,

the reports we shall get from these group committees, and which will be embodied, as I said before, in the proceedings of the conference, may be of very great value in furnishing information useful to everyone. I do not mean to say that every discussion that occurs in these group committees has to be reported, but such of the subjects as you do discuss, which you think it will be useful to incorporate in the proceedings of this Conference, we should like to have you report upon fully.

And I want to ask those gentlemen who are here from the United States if they will be good enough to remain the full week and in every way they possibly can help our foreign visitors. These visitors have come a long way, with the expectation that we will get down to a serious basis of discussion and that we will all join in trying to get practical results from this Conference. I am satisfied that we can get such results, but the only way to do so is by a thorough and comprehensive discussion.

And I therefore wish to urge upon the men who are here from our own country, not only as a matter of interest but also as a matter of courtesy to our guests, that they will stay and join with them in a complete study of the various subjects that will come before the group committees.

Now, before I announce these committees I should like the Secretary General to call the roll of the South and Central American countries again, and let them indicate the name or names of the gentlemen they wish to represent them on the Joint Committee on Uniform Laws that I have spoken about.

(The Secretary-General thereupon called the roll.)

UNIFORMITY OF LAWS COMMITTEE.

The SECRETARY-GENERAL, DR. ROWE: General Committee on Uniformity of Laws relating to Trade, Commerce, and International Commercial Court. (With special reference to such matters as trade-marks and patents, consular invoices, bills of lading, regulations of commercial travelers, admission of samples, bills of exchange, uniform monetary standards, etc.)

This committee is made up of one representative elected by each foreign delegation, as follows:

HON. WILLIAM C. REDFIELD, *Chairman*.

DR. SAMUEL HALE PEARSON, Argentina.

DR. IGNACIO CALDERÓN, Bolivia.

DR. AMARO CAVALCANTI, Brazil.

DR. LUIS IZQUIERDO, Chile.

DR. SANTIAGO PÉREZ TRIANA, Colombia.

DR. ROBERTO ANCÍZAR, Colombia.

DR. JOHN M. KEITH, Costa Rica.

Dr. PABLO DESVERNINE Y GALDÓS, Cuba.
 Dr. FRANCISCO J. PEYNADO, Dominican Republic.
 Dr. VICENTE GONZALES B. Ecuador.
 Dr. JUAN S. LARA, Guatemala.
 Dr. LEOPOLDO CÓRDOVA, Honduras.
 Dr. PEDRO RAFAEL CUADRA, Nicaragua.
 Dr. RAMÓN F. ACEVEDO, Panama.
 Dr. WILLIAM WALLACE WHITE, Paraguay.
 Dr. ISAAC ALZAMORA, Peru.
 Dr. ALFONSO QUIÑÓNEZ M. Salvador.
 Dr. CARLOS MARÍA DE PEÑA, Uruguay.
 Dr. PEDRO RAFAEL RINCONES, Venezuela.

Members representing the United States:

HON. CHARLES S. HAMLIN,
 HON. JOHN BARRETT,
 HON. CHARLES M. CONANT,
 HON. D. R. FRANCIS,
 HON. JOHN HAYS HAMMOND,
 HON. JOHN BASSETT MOORE,
 HON. ROBERT W. WOOLLEY,
 Mr. GEORGE N. NUMSEN,
 Mr. W. L. SAUNDERS,
 Mr. WILLARD STRAIGHT,
 Mr. SAMUEL UNTERMYER, and

SUGGESTION AS TO CREATION OF COMMITTEE ON TRANSPORTATION.

Dr. PEARSON (Argentina). Mr. President, before finishing the session of to-day I would like to say that this morning we heard with great pleasure and satisfaction the words of His Excellency the President of the United States with regard to the ability to strengthen the relations between our countries of North, Central, and South America if we had fast and good steamship communications. I am sure that every one of us here present—I mean of all the Americas—would be very pleased if the honorable Secretary of the Treasury would name a special commission of a few of the principal citizens and most interested men who could give the best ideas as to how to form this combination of North, Central, and South America, united in a special commission that we might call the “Commission on fast navigation,” to work out a plan whereby with individual capital or with the help of our Governments we could in a short time see a powerful steamship line that would help us to develop our common intercourse and at the same time know that we would be free from having to depend on European powers for the transportation of our merchandise and also to bring us here and to take you south, as we want all the Americas to know each other as we have been accustomed to knowing Europe. [Applause.]

Secretary McAdoo. The suggestion of Dr. Pearson is a very valuable one, and it strikes me as a thing that we could probably do—that is, to appoint a committee to give special consideration to this question of transportation.

I shall be very happy if the delegates from South and Central America consider overnight whom they would like to have appointed on such a committee, and at the session to-morrow morning it can be announced.

I do not know whether you mean, Dr. Pearson, that there shall be a member of that committee from each of the countries represented here?

Dr. PEARSON. No, sir. I think if we take the extremes, we will find that the countries in between would always be pleased with what we can do for them. So that if we take the extreme north and the extreme south and two or three of the principal representatives there, I think that will be sufficient.

Secretary McAdoo. I did not understand to what extent the central American Governments are concerned in this steamship question, and it was for that reason that I was asking you what you had in mind.

Dr. PEARSON. My idea for South America was Chile, Argentina, Brazil, and Uruguay.

Secretary McAdoo. Would you not extend that to Peru?

Dr. PEARSON. Well, Peru has a good service now with the Isthmus. But I mean those countries where they have not.

Secretary McAdoo. Then if you will be prepared to-morrow morning, gentlemen, to suggest the names that you would like to have on that committee I shall be very glad to appoint them.

Unless there is something else some gentleman would like to bring before the Conference, we will adjourn until to-morrow morning at 10 o'clock in this hall.

(Accordingly, at 5.10 o'clock p. m., the Conference adjourned.)

THIRD SESSION

TUESDAY MORNING, MAY 25, 1915

THIRD SESSION, TUESDAY MORNING, MAY 25.

The Conference met at 10 o'clock a. m., and was called to order by the Honorable William G. McAdoo.

ANNIVERSARY CONGRATULATIONS TO ARGENTINA.

Secretary McAdoo. Gentlemen, I want to say a few words this morning, and I have put them in writing, because I want to have them translated into Spanish by the Secretary General.

My mind carries me back this morning to that memorable week in May, 1810, when the patriots of what is now the Argentine Republic were debating as to how they might best meet the crisis that had arisen in the affairs of their country. In reading the proceedings of that memorable May day one can not help but feel a deep sympathy with the perplexities and even with the doubts with which the leaders were beset. For a time it was not entirely clear to them what course they should pursue, but in the midst of all these troubles there shines forth that devotion to their country and to the public welfare which soon illumined the path they were to tread.

To-day it is our privilege to do honor and homage to those great leaders whose brethren were carrying on similar struggles in the other Spanish colonies. I am but expressing what is in the minds of all of you when I extend our warm congratulations on the occasion of this glorious anniversary to his Excellency, the Argentine ambassador, and to each and every member of the Argentine delegation, and I propose for your consideration that a congratulatory cablegram be sent by this Conference to the President of the Argentine Republic. [Applause.]

The cablegram that I would suggest is as follows:

His Excellency, DR. VICTORINO DE LA PLAZA,

President of Argentina, Buenos Aires.

The Pan American Financial Conference, assembled in Washington, joins with you in celebrating this glorious anniversary of Argentine independence. We extend to the Government and people of Argentine our warmest congratulations and our sincerest wishes for the happiness and prosperity of the Argentine nation.

It is suggested that the cablegram be signed by the presiding officer on behalf of this assembly. Gentlemen, while this is not a convention, I am going to consider it one for the purpose of asking a

vote on this cablegram, and I would suggest that we vote by rising. Those in favor of sending this message will rise.

(The Conference unanimously rose.)

Secretary McADOO. As I observe that there are none opposed, I declare that it is unanimously adopted, and the cablegram will be sent. [Applause.]

Dr. RICARDO C. ALDAO (Argentina). Mr. Chairman and gentlemen, I am extremely sorry not to command, as I would like, the English language, in order that I might avail myself of this opportunity to express all of the feelings of my heart and also to express the sympathy of Argentina, both of the people and of the Government in this matter—a splendid proof of American solidarity. I can simply say I am confident that all of the people of Argentina fully appreciate and are grateful for the message which has been read. Mr. Chairman, please accept the heartfelt feeling of the Argentine people. Thanks; many thanks. [Applause.]

DESIGNATION OF GENERAL COMMITTEES.

Secretary McADOO. Upon further consideration of the committee which was appointed yesterday to consider uniformity of laws and to make report as to what seems practicable in that direction as a basis for further action, the suggestion was made to me last evening after adjournment by a number of gentlemen that the duties of that committee might very properly and with great advantage be made to include the question of the creation of an international commercial court for the settlement of differences that may arise between citizens of the different countries; I mean in the matter of trade disputes, etc. I have no time this morning, and I shall not weary you with an elaboration of the idea, but it is one that seems to me to possess great merit, and I wish to ask that committee if it will not take up that very important proposition. I think it could be done with advantage, and perhaps we could formulate some ideas here that would mean the germ of something very substantial and practicable. I want to add to that committee Mr. Benjamin Strong, jr., of New York, and I should be very glad if Mr. Strong would serve.

Dr. Pearson just before the adjournment yesterday made some suggestions about a committee, and I ask if he will be good enough to tell me this morning at greater length what his ideas are as to the countries he thinks should be included in that committee. Dr. Pearson, if you have thought it over and have any additional suggestions to make before we take action, I shall be happy to hear from you.

Dr. PEARSON (Argentina). Mr. Chairman, the idea in forming a committee was to include Central America, so very well served to-day

by the different steamship lines, especially the United Fruit Company. My chief object was in seeing if this company could not extend its service, with the help of the governments of the different countries, farther south. They have a very fine line of steamers. We came over from Colon to New York, and I think such an extension would be very easy, knowing as I do that all the governments of South America are anxious to come to a favorable understanding with respect to the matter.

I think, as to the Pacific coast, Chile and Peru might represent that side of the continent, and on the Atlantic we can have Brazil, Uruguay, and the Argentine Republic, being the three most distant southern countries.

I would suggest, if it meets the approval of the chairman, that the committee might be formed to represent those five South American countries, and, of course, any American citizen that you might indicate.

Dr. VERGARA BULNES (Chile). Mr. Chairman, when I was invited by the Government of the United States to attend this Conference it was supposed that one of the most important points to be decided was the establishment of a fast steamship service from the far Chilean ports to ports of the United States. This was confirmed by the very well considered suggestion made by the Secretary of the Treasury to this Conference. So in the name of my colleagues of the Chilean delegation I may say that we will take the greatest pleasure in participating in the work of this committee, and we will be very glad to have that idea incorporated here.

Secretary McADOO. The Chair will be very happy to appoint such a committee, and I will ask the delegates from the five countries suggested, which seem to be most interested in the problem, whom they would like to have put upon that committee. I shall first ask the delegates from Argentina.

Dr. PEARSON (Argentina). Mr. Chairman, we of Argentina consider this matter one of the very important points to be treated by this Conference; and we thought, as we were only going to be here a few days, that we would all like to form a part of this commission for the short time that we are to remain and then, as I do not think it would be possible to have a thorough understanding within a week, Mr. Zimmermann, who is one of the delegates from Argentina and who lives here, might continue to represent our country. If there is no objection, I would be glad to have that done.

Secretary McADOO. We quite agree. I do not know, Mr. Pearson, that with the work of these various group committees it will be possible or practicable to work things out if every one of the delegates go on this committee. I suppose you can divide the work up in some way. I assume that, so far as Argentina is concerned, all of the

members representing Argentina would serve. As to Chile, whom do you desire to have on the committee—the full delegation?

Dr. VERGARA BULNES (Chile). Yes.

Secretary McADOO. And I assume the same with respect to Brazil?

Dr. PEARSON (Argentina). There is only one delegate.

Secretary McADOO. Yes; but he is a whole regiment in himself. I assume the same for Peru. As to Uruguay, does the entire delegation wish to go on this committee?

Dr. TERRA (Uruguay). In the memoranda presented by Uruguay to the Conference preference is given to a study for the facilitation of commercial intercourse between the American nations by the development of shipping. The delegates of Uruguay have had the opportunity of realizing the difficulties which American countries meet in effecting closer relations. These delegates made a journey of a month. They had to cross the summits of the Andes. They encountered in their path every sort of difficulty, and they see well that we will never arrive at American solidarity such as we all desire, at that great commercial and intellectual solidarity, unless navigation be improved in every way possible. With that in view, this delegation has proposed to the Conference to diminish or to abolish all taxes on navigation, on beacons and lighthouses, and, if it is possible, the subvention of companies which would facilitate this commercial intercourse. Uruguay desires to participate in anything that may be done along these lines. That is all I had to say. [Applause.]

Dr. CUEVA GARCÍA (Ecuador). Mr. Chairman, I want to ask that Mr. Gonzales of our delegation be added to this special committee that has been suggested by Mr. Pearson. We are a small country, but we are large producers of agricultural products, and we are in the most horrible condition that any nation in America is. We realize, and it is a thing that you should know, that we have until a very few years ago, when the Peruvian Steamship Co. was established, paid \$100 for first-class transportation from Guayaquil to Panama. That is 800 miles only, while you pay \$70 or \$75 from Panama to New York, and that is 2,000 miles. You pay \$75 or \$100 for transportation from here to Europe, 3,000 miles. We have to pay even more than that for 800 miles. We have been paying \$100. There is only one company, an English company, making our coast service. The rates for transportation of our crops are a real scandal, and this English company has taken advantage of this moment to increase them still more. They have added £1 sterling on every 100 pounds of cocoa that we export. That is awful, and we do not know how to get out of it. If the Atlantic side is going to arrange something about steamship companies, that is all right. We are on the Pacific side and can not help that, but Peru and Chile are going on

this committee, and I think we also should be represented. Argentina has some kind of transportation even up into Paraguay. Chile has a line. Peru has a line. We have none. We have cocoa; we have hats; we have rubber; we have coffee; we are the producers of nearly all the fruit that goes to the Pacific side from Central America to the South Pole, and we have no way of transporting anything.

Some years ago the Isthmian Canal Commission, while I was a resident commissioner in Panama, agreed with me to buy our products, especially potatoes. We produce a very large quantity of these in the interior, and we could produce one hundred times the amount. They agreed to buy our potatoes at the same price they buy the English potatoes, brought from England, 3,000 or 4,000 miles, while we were only 800 miles distant. The price of potatoes in Ecuador is practically nothing. We were, however, unable to put these potatoes in Panama at any price that would look like competition with the English exports, just on account of the lack of transportation facilities.

We produce a very large quantity of oranges. These oranges are really worth nothing in Ecuador. The price is very small. We pay something like 20 cents for every 100 oranges. We wanted to send our oranges to Panama. We started to make a calculation. English oranges and San Francisco oranges and Florida oranges sold in Panama at \$4 for every thousand. We could not put our oranges from Guayas River into the port of Balboa, the Canal Zone, for less than \$10.50 per thousand. You must consider that if there is any country that is suffering on account of transportation we are that country, and we can not develop our exports. We can not increase our production. We have no way of getting it out. I therefore suggest, Mr. Chairman, that if you allow seven men to have part in this special committee on transportation, that Mr. Gonzales, of our delegation, be also appointed a member. I do not think one man more or less will make any difference. [Applause.]

Secretary McAdoo. Gentlemen, as I conceive the purpose of Dr. Pearson's suggestion, it is that a committee shall be appointed simply to canvass the situation and report existing conditions, and suggest, if possible, any remedies, either by private capital or otherwise; that is, to survey the field in any way it can and report on it, and I assume there will be no objection to a representative of Ecuador being on that committee. I see that you assent to that, and I am very glad.

I may say, further, that as to countries which are not represented, they can present to this committee any facts that may occur to them which they think bear upon their own particular situation. I know it is difficult to get a good working arrangement where committees

are too large, and I would suggest, therefore, that the committee as suggested, of the six South American countries, be appointed; and they will be so appointed, and I shall appoint for the United States the following members:

Hon. Edward N. Hurley, of the Federal Trade Commission; Mr. R. Goodwin Rhett, of the United States Chamber of Commerce; Mr. Paul Fuller, of New York; Mr. Franklin Q. Brown, of New York; Mr. George W. Norris, of Philadelphia; Mr. Harry A. Wheeler, of Chicago; Mr. J. G. White, of New York.

I think seven men will probably be a sufficient number to represent the United States in these discussions, and I hope the committee may be able to perform a useful service in discovering and presenting the real problem and suggesting all possible remedies for it, for the consideration of the people of the countries concerned.

ORDER OF THE DAY.

Now, gentlemen, we will proceed with the order of the day. I may say that after certain speeches that are to be made by members of the Federal Reserve Board, who have been good enough to respond to the invitation, there will be opportunity for general discussion as before.

After the close of this session the group conference committees will begin their work this afternoon. There, of course, will be other general sessions of the Conference, as indicated by the program, so that anyone who does not care to speak this morning will have an opportunity to do so later.

I now have the honor and pleasure of introducing to you the governor of the Federal Reserve Board. The question of finance, of course is an important one, and he has agreed to speak to you on the new act which has been passed by the Congress of this country, and which we think may be utilized for the benefit of our foreign commerce to a greater degree than ever before.

ADDRESS OF HON. CHARLES S. HAMLIN, GOVERNOR OF THE FEDERAL RESERVE BOARD.

MR. CHAIRMAN AND GENTLEMEN:

This Conference of the sovereign nations of the Western Hemisphere with the Secretary of the Treasury of the United States is an event of deep significance to the whole civilized world.

If your deliberations are successful it will not only add to the prestige of the nations involved and to the distinction of the delegates, but, as well, it will add another achievement to the many already to the credit of the Secretary of the Treasury, and will place

another laurel wreath upon the brow of the President for his victories in the cause of peace.

The scope of your deliberations, necessarily limited to the subjects assigned for discussion, need have been limited only by the confines of human knowledge. When we consider the achievements of the nations whose representatives are gathered here we realize what a wealth it constitutes, for you could speak with authority upon the achievements of your citizens in the realms of science, philosophy, art, music, education, history, medicine, or international law, as well as upon the questions you have come together to discuss. That limitations necessarily had to be imposed upon your deliberations, thereby restricting them to the field of commerce, transportation, and finance, is perhaps, after all, an advantage, for to discuss the many important contributions to the world's advancement made by those nations would require such time that from the very nature of things it could not be given.

I take it that the object of every government is to secure the greatest good of the greatest number of its people, and I believe the world realizes to-day that the prosperity of the people of one nation, in the long run, tends to the prosperity of those of other nations, while the adversity of one people must ultimately tend to the adversity of others. Just as the individual prospers best when his country prospers, so the nation prospers best out of the prosperity of all nations. [Applause.]

In past centuries this great truth was not realized. On the contrary, it was boldly advanced by thinkers and philosophers that each man is arrayed against his fellow man; that the gain of the one is the exact measure of the loss to the other; that competition between individuals, whether in warfare or in commerce, must ultimately mean the destruction of the weaker and the gain of the stronger. So, also, it was believed that as between sovereign nations the precise measure of the gain to one from international trade was the measure of the loss to the other.

Fortunately, however, such doctrines have not survived, and when occasionally they show their heads above the surface they are recognized as but temporary deviations from well-established rules of action. The world recognizes to-day that sympathy and cooperation are the most powerful factors in working out the social and industrial welfare of the individual, and that the same principles apply to the relations of one sovereign nation to another.

Furthermore, the fact so cogently pointed out by Adam Smith, the great economist, that both nations gain by dealings in international trade is now accepted by all nations as a guiding principle, although, to be sure, many nations have somewhat obscured the principle by

the levying of customs duties upon imports far above any possible need, either for revenue or for industrial development.

It is also true that the nations to-day are beginning to recognize that they have products, whether of agriculture or manufacture, which they can create in such quantities that they are obliged to seek and obtain for them, or for a portion of them, foreign markets. They further realize that they must accept, in great measure, as payment for their exported products, goods imported from these countries purchasing their exports or from other countries for their account. In other words, speaking generally, every bale of goods exported from a country must be paid for by a bale of goods imported into the country. The actual payment may be made by the delivery of so-called "bills of exchange," but these bills of exchange, in a very large measure, are but symbols of property or are a claim for money based upon the sale of property. The merchant ships his goods abroad, but he sells the bill he draws upon the foreign purchaser to some domestic bank, and these bills, representing property, are used to offset similar bills drawn by foreign sellers against imports into the country. If the exports and imports of the country do not furnish bills of exchange enough to balance, then gold or its equivalent is used or, perhaps, loans, but these latter play a relatively minor part in international exchanges.

It would be impossible for a country to shut itself off from other countries and still hope to continue its exports, receiving payment in gold instead of in goods. If we assume—what is impossible of realization—that any country could shut off its imports and continue to export, receiving gold for its exports, within a very few years it would cripple the exchange system of all foreign countries by the amount of gold it would take from them, but long before that point could be reached the importation of gold would so raise prices as to effectually stop its exports.

Trade, as now generally recognized, means buying as well as selling, and in so far as this conference has to do with trade and with the means and methods for increasing trade, it has to do with the increase of buying as well as with the increase of selling.

We all recognize to-day the real interdependence of nations; they are especially interdependent from the aspect of trade and commerce. The nation of large resources recognizes that in the long run it is for its own profit to strengthen this interdependence by furnishing the nation of smaller resources means to meet trade indebtedness to it. It should never be forgotten, however, that in the long run this indebtedness must be met by the shipment of goods, whether from the debtor country or from some other country, for its account, to the creditor country.

The question, however, which must be foremost in your minds is just what the United States can do in assisting other nations to finance their trade movements, both with the United States and with the other nations of the world. As to the amount of capital at present available in the United States for such purposes and the working out in detail of any specific plans or suggestions it is not my province to speak. I shall leave that field open to the delegates assembled here, and especially to my colleague, the Honorable Paul M. Warburg, who can speak with the authority of a master on every detail of international finance. [Applause.]

The message which I wish to bring to you to-day, however, is that the United States was never before in such a position as it occupies to-day to reach out and extend its trade by granting credit to those nations who wish to be its customers.

The dislocation of foreign trade caused by the present war furnishes the United States with a great opportunity, inasmuch as nations which for generations have had the relation of purchaser and seller now find these relations disrupted.

The United States also has but recently placed itself upon a sound financial foundation by enacting a new banking system, which, together with the reform laws already enacted, I believe will constitute one of the strongest systems in the world. [Applause.]

Furthermore, the new system of banking inaugurated by the Federal reserve act has provided an opportunity to our people of financing our foreign trade. It has economized the use of credit and capital. It has increased its efficiency, which will enable us, as I have said, to engage in financing trade movements with and between foreign countries, which will do much to build up our international trade exchanges, particularly with the great nations whose representatives are here assembled.

This leads naturally to consideration of the banking system which has lately been organized under the Federal reserve act. In order to understand the changes brought about by the new banking system we must briefly consider what the former system was, its defects, and how these defects have been remedied in the new system.

Prior to November 16, 1914, when the new Federal reserve banks opened their doors, we had approximately 7,500 banks in the United States chartered by the National Government, and having the sole right to issue notes known as national-bank notes. The capital and surplus of these banks was a little under 2 billions of dollars, and taken in connection with their deposits represented a banking power of over 9 billions of dollars. There were also over 20,000 State banks, trust companies, and savings banks, chartered by the respective States, representing a capital and surplus of a little over 2 billions of dollars,

and including deposits, representing a banking power of over 14 billions of dollars.

These banks, both National and State, were independent and isolated, except as to a limited interdependence of some State institutions through stock ownership. They together constituted over 30,000 individual units, between which in times of financial stress effective cooperation was impossible.

Leaving out of consideration for the moment the State banks, there were in the United States over 7,500 independent units called national banks, each, as I before stated, having the power of note issue and each bound to keep in its vaults and with other national banks in certain cities, called reserve cities, a reserve fixed by law.

Under the national-bank act, however, these reserves were, in effect, sealed up and could not lawfully be used, even in times of financial stress. A bank whose lawful reserve was below the legal limit was bound to restore it, and if it was not restored within a specified time the Comptroller of the Currency could place a receiver in the bank.

The merchants and farmers of the country were often refused credit—the very essential of business life—and yet they could see these sealed-up reserves, ample for relief purposes, and yet denied them. They were in the position of a man weakened by hunger looking through a plate-glass window observing every kind of food which he is told is for his benefit, and yet no morsel of which can he under any circumstances be permitted to eat.

As a result, in times of financial stringency, each bank had to protect itself regardless of the condition of other banks, and had to fortify itself against its demand obligations by piling up reserves far above the prescribed limit. To do this it had to call loans or refuse to renew or make new loans during the stringency. The necessary result of this procedure was to make the stringency even more severe, and the hoarding of its resources by the individual banks quickly led to hoarding by individuals, thus throwing the whole banking system into confusion and ruining thousands of merchants who were unable to obtain the assistance to which under ordinary circumstances they would have been clearly entitled.

During the latter part of the panic of 1907 it was found that some banks which by law need carry only 15 per cent reserves were actually carrying reserves of between 40 and 50 per cent of their deposits, while in 1914 the reserves of some banks amounted to 70 per cent. It is also a most significant fact that at the height of that panic over 200 millions of dollars in cash were being carried by the banks, in their vaults and with their reserve agents, in excess of their legal requirements. If these 200 millions of resources could have been used for the common benefit, such a panic would not have taken place.

Under our old system the banks of the United States were in the position of an army entering into action as a disorganized body of individuals, without a single officer and without a single company, battalion, regiment, or brigade. That our oft-recurring panics under the old system did not involve more of our banks and their customers in general ruin is one of the wonders of financial science and is a great tribute to the marvelous recuperative powers and unrivaled resources of our people.

Under our old financial system—or, rather, lack of system—every dollar loaned by a bank on commercial paper was a dead investment, as if buried in the ground, until the day of maturity. The paper, when discounted, was lowered into the vaults of the bank with almost funereal ceremony; in fact, the national banks were but mausoleums for dead commercial paper, and if a bank president with ghoulish propensities were to open the vaults and try to dispose of any of the paper stored there, before its resurrection on the day of maturity, the act would have been looked upon with suspicion. As a result, when a bank had made all the loans it could its power to aid its customers absolutely ceased, and many a merchant of high standing and good credit had to be refused further assistance, to his injury and possible disaster.

Every bank had to arrange so that some of its resources should be invested in so-called liquid assets, so that in times of financial stress they could instantly realize upon these assets. As a result funds which otherwise might have been loaned to farmers and merchants were sent to the large financial centers of the country to be there invested in call loans upon stock exchange collateral—that is to say, upon bonds, stocks, and other securities which represented no commercial transactions, but which, in many cases, simply represented speculative activities. When, however, in times of stress these loans had to be called it was often found that what was considered to be a most liquid asset was, for the time being, no asset at all—as witness the period in the summer of 1914, when these so-called liquid assets were absolutely debarred from sale by the closing of the stock exchanges.

Furthermore, under the old system the national banks issued so-called national-bank notes, which were originally designed to constitute an elastic currency, rising and falling in response to the demands of agriculture and commerce. Unfortunately, however, these notes had no such elasticity as was thus ascribed to them, because of the fact that their issue was not controlled by or based upon business development; on the contrary, these notes were indissolubly chained to Government bonds, which had to be pledged with the Government as collateral. These Government bonds were neither issued nor regulated by the expansion or contraction of trade and commerce. They

were fixed in amount and fluctuated in value in no fixed ratio to the development of those branches of business. As a fact, it was the fluctuation in value of these bonds which influenced the expansion or contraction of the national-bank notes rather than an expansion or contraction in business. When business slackened and contraction of these notes was desirable, the notes responded but feebly, and in some cases actually increased in amount; while, on the other hand, when expansion was desirable to accommodate increasing trade, the notes at times actually decreased; and at other times when they responded to the need for expansion the response was so belated as to take effect only when the necessity for the expansion had ceased.

This alliance of national-bank notes with Government bonds was a strange one. The national-bank notes, supposed to be a measure of the development and expansion of trade, were linked to and governed by the fluctuation in value of these bonds, which represented war, the destruction of trade, and the past dire necessities of the Government. Thus these national-bank notes, intended to represent the progress and development of trade and commerce of the twentieth century, were linked to the evidences of destruction of trade and commerce of the nineteenth century. There may have been a reason for this strange alliance in the nineteenth century owing to the necessity for finding a market for Government bonds, but in this twentieth century there is certainly no good reason for its continuance.

Furthermore, under the old system the national banks were not able to finance our foreign trade, because under the law they could not lend their credit in the form of acceptances. As a result our foreign trade had to be financed in London and on the Continent, and the expression now so frequently heard—dollar acceptances—was merely an ideal as far removed from practical realization as the moon is distant from the earth.

For example, we buy large quantities of raw and manufactured silk from the Orient. This silk goes direct to the Pacific ports of our country; it is taken overland by special train. The bill of exchange, however, drawn for the selling price, is drawn upon a foreign bank and is sent, together with the bill of lading and other documents, east to London, or it may even pass through the United States on its way to the foreign bank upon which it is drawn, later to be returned to the United States for final discharge of the obligation of the purchasers in this country.

The lack of cooperative union or confederation between the individual banks and their reserves also weakened the ability of the banks to conserve the supply of gold, the standard of value in the United States, and as a result the movement of the precious metals from the country, even when in strict accordance with the laws of trade and of ultimate advantage to the United States, was looked

upon with anxiety as a symptom of financial trouble, causing uncertainty and lack of confidence.

I have tried to show some of the defects which existed under our former system—the lack of cooperation between the individual banks, the lack of any system by which the reserves could be either used by the individual banks or consolidated into a common fund for the benefit of all the banks, the impossibility of rediscounting commercial paper once discounted by the banks, its lack of liquidity, and the consequent necessity for investment of part of the bank's assets in call loans as the most liquid investment possible, the lack of a genuine elastic currency, and, finally, the lack of power to finance our foreign trade through the loaning of credit by means of acceptances.

The question naturally arises just how the Federal reserve act has remedied these conditions, placing the United States upon a firm banking foundation. I shall try to answer this question briefly.

It should be clearly understood that the Federal reserve act does not add a dollar of money to existing stocks held by the banks or by the people, and also that, while it gives the national banks some valuable new powers and privileges, it does not change their inherent structure or their present charters.

Just what, then, has the Federal reserve act accomplished? While the act is a long one, containing much minute detail, its underlying principles are simplicity itself.

In the first place, it divides the United States into 12 districts, each district containing approximately from 500 to 700 national banks. The national banks in each district unite in forming a new bank called the Federal reserve bank, to which each national bank contributes 6 per cent of its paid-up capital stock and surplus to provide the necessary capital.

The individual capital of these 12 Federal reserve banks varies, respectively, from a little under 5 millions to a little over 20 millions of dollars. The total capital of the 12 banks (not counting State institutions which may ultimately become members) is a little over 100 millions of dollars.

At the present time only one-half of the capital payments have been called, and the total paid in by all the national banks amounts to a little over 50 millions of dollars.

We thus have 12 Federal reserve banks with a total capital of over 50 millions of dollars paid in and about as much more subject to call by the Federal Reserve Board when and if needed. This capital, under the terms of the Federal reserve act, has been paid in gold or gold certificates.

The 12 Federal reserve districts vary greatly in area and in population. For example, the Federal reserve district of Chicago has a

population of over 12 millions of people, exceeding the combined populations of Norway, Sweden, and Switzerland.

On the other hand, the area of the Federal reserve district of San Francisco (683,852 square miles) is so extensive that you could place within it England, Scotland, and Ireland, the whole of continental France, Italy, and Germany and still have left an area exceeding that of all the New England States combined, excepting only the State of Maine.

In addition to the capital payments I have before mentioned, each national member bank is obliged to pay to its Federal reserve bank a certain portion of its legal reserve, which portion, however, it still counts as part of its reserve. These payments of reserves are spread over a period of three years, and the total payments will amount to over one-third of the total reserves held by the national member banks.

Up to the present time about 295 millions of reserve money has been thus paid to the 12 Federal reserve banks, and at the end of three years over 400 millions will have been paid in, which latter amount will be, of course, greatly increased by the admission of State banks and trust companies. At that time all the reserves of the member banks must be held in their vaults or with the Federal reserve bank, the privilege of keeping their reserves in part in approved banks in reserve cities ceasing at the end of that period. This will necessarily largely increase the amount of money deposited by the member banks in the Federal reserve banks.

In addition the Secretary of the Treasury may deposit the general funds of the Treasury—excepting only certain trust funds—with the Federal reserve banks, and disbursements of the Government may be made by checks drawn against such deposits.

The national banks in the 12 respective districts (and State banks which may join the system later) are the only stockholders of the Federal reserve banks, and their stock can not be transferred or hypothecated. The stock is entitled to a 6 per cent annual cumulative dividend, and one-half the net earnings of the Federal reserve banks may be paid into a surplus fund until it amounts to 40 per cent of the paid-up capital stock.

All net earnings over and above this dividend and surplus are paid to the United States as a franchise tax.

Each Federal reserve bank is managed by a board of directors, consisting of nine members, of which three are appointed by the Federal Reserve Board and six are elected by the member banks, three of the six directors representing the banks and three consisting of members who at the time of their election were actively engaged in commerce, agriculture, or some other industrial pursuit.

These twelve Federal reserve banks are under the control and direction of the Federal Reserve Board, consisting of the Secretary of the Treasury and the Comptroller of the Currency, ex officio, and of five other members appointed by the President and confirmed by the Senate.

The Federal Reserve Board sits in Washington, D. C. It appoints, as I before said, three directors on the board of each Federal reserve bank; it has general powers of supervision and examination of the Federal reserve banks and the member banks; it may suspend or remove, for cause, any director or officer of the Federal reserve banks; it may suspend the operation of any Federal reserve bank and liquidate or reorganize such bank; it defines the paper which may be rediscounted by Federal reserve banks; it has power to review and determine the rates of discount established from time to time by the Federal reserve banks for the discount of commercial paper offered by the member banks; it regulates the open-market powers of the Federal reserve banks; it has power to suspend every reserve requirement of the act if it deems such course necessary; and it has many other specific powers which I need not mention here.

Each Federal reserve bank is independent of every other. They are empowered, however, with the permission of the Federal Reserve Board, and at rates fixed by the board, to rediscount the discounted paper of any of the other Federal reserve banks, and can be required to do so by the affirmative vote of at least five members of the Federal Reserve Board.

The act also creates a body known as the Federal Advisory Council, one member of which is elected by each Federal reserve bank. The duties of the council are to confer with the Federal Reserve Board and to advise it as to matters connected with discount rates, note issues, reserve conditions, open-market powers, and similar questions.

I have thus given a skeleton outline of the Federal reserve system. Many details I have had to omit for fear this address would take on the quality and length of a treatise or textbook. I think, however, that what I have outlined will give a fair understanding of the scope of the system.

The question remains as to how the Federal reserve act remedies the defects which I have outlined as characteristic of the old system.

The first fundamental defect of the old system pointed out by me was that each national bank was independent, and that as a result we had 7,500 independent banks and 7,500 scattered reserves, no effective cooperation being possible, nor could the individual reserves even be drawn upon legally by the very banks which owned them.

This defect is remedied under the Federal reserve act through the capital and reserve deposits placed by each member bank with its reserve bank. These payments constitute a substantial fund—already about 350 millions of dollars, and constantly growing—which must be used by the Federal reserve banks for the benefit of the member banks and their customers—the people of the United States.

These funds are held for use in discounting commercial paper offered by the banks for discounting acceptances and for certain open market investments which I shall not undertake to enumerate to-day. Any bank desiring funds can take its commercial paper to the Federal reserve bank and obtain gold or lawful money in exchange. This privilege enables a bank to loan freely in times of commercial stress and to draw down its available resources far below what would have been considered prudent under the old system, for the commercial paper discounted by the banks under the new system is as good as gold, as it can be turned into cash or a cash credit at once at the Federal reserve bank upon request. This privilege also makes commercial paper a genuinely liquid investment, whereas under the old system such investments were absolutely dead until the day of maturity. Such commercial paper is far more liquid than a loan upon investment securities, for the loan upon commercial paper presumably liquidates itself, as the borrower receives from the consummation of the commercial transaction—to assist which the note was originally discounted—the money with which to pay it.

It should, moreover, be pointed out that every dollar paid into the Federal reserve banks by the member banks—including all deposits made by the United States Government—is impressed with a trust, in that it must be used (excepting as to certain open-market investments) only for the discount of paper issued or drawn for agricultural, industrial, or commercial purposes, whether in the domestic or foreign trade, and can never be invested in or loaned upon speculative securities or even upon real estate transactions.

The second fundamental defect in the old system which I have pointed out was the lack of a really elastic currency. The Federal reserve act remedies this defect by providing for the gradual payment and cancellation of the national-bank notes, and, further, by giving authority to the Federal Reserve Board to issue to Federal reserve banks applying therefor obligations of the United States known as Federal reserve notes. The bank obtaining such notes must deposit with one of the Government directors, known as the Federal reserve agent, as collateral commercial paper approved by the regulations of the Federal Reserve Board up to the face value of the notes thus issued, and in addition must maintain a gold reserve of 40 per cent against such notes. These notes will constitute a truly elastic currency, rising and falling with the rising and falling of agriculture,

trade, and commerce. No limit is imposed upon their issue. Such a note could conceivably be issued against every commercial or agricultural transaction represented by commercial paper which has been discounted by member banks. When, however, the commercial paper liquidates itself, and the maker uses the funds received from the transaction to pay off the note, the Federal reserve notes issued against that paper must be returned and canceled, or the amount of the notes thus paid must be retained by the Federal reserve agent against the Federal reserve notes until they are returned and canceled.

The Federal reserve notes will also serve to protect the gold supply of the United States, for much of it, sooner or later, will go into the vaults of the Federal reserve banks and Federal reserve notes will be issued in its place.

The Federal reserve act also authorizes national banks, for the first time, to accept bills of exchange growing out of the import and export trade under certain reasonable regulations, and the Federal reserve banks are also authorized to discount such acceptances. This grant of power is a most valuable one and will enable our banks to finance our foreign trade by loaning their credit upon these acceptances. By this grant of power the so-called "dollar acceptance" is made for the first time possible, and this means much for the future development of our trade, especially with the great nations of Central and South America, and will add much to our ability to assist them in financing their sales to and purchases from the United States.

The Federal reserve act, however, has done much more to help make possible closer trade relations with foreign countries. The Federal Reserve Board is given power to permit national banks to establish branches in foreign countries, and it is at once apparent what a great assistance this will be, not only to the United States but likewise to the great nations who are trading with the United States, especially those whose delegates are assembled here. Branches of national banks have already been authorized in Argentina, Brazil, Panama, and other countries, and it is confidently expected that a great development in our trade relations with such countries will result. [Applause.]

The Federal Reserve Board is also authorized to permit the Federal reserve banks to open and maintain banking accounts, appoint correspondents, and establish agencies in foreign countries, for the purpose of purchasing and selling bills of exchange arising out of commercial transactions; these banks are also authorized to deal in gold coin and bullion at home and abroad. It is easy to see what power the Federal Reserve Board, through the Federal reserve banks, will thereby have, in connection with its power over discount rates, over the movement of the precious metals into and from the United States.

These great powers can and will be exercised in such a manner as to encourage and assist in every way the growth of the volume of trade between the United States and foreign countries.

I think it will be realized, as I have before stated, that, growing out of this new banking act, the time has come for a marvelous development in our foreign trade, especially with South America, and that an opportunity is given to finance that trade such as has never been possible before. [Applause.]

The resources of the Federal reserve system will also be greatly augmented in the future by the addition of large resources contributed by State banks and trust companies, which the act permits to join the Federal reserve system under reasonable regulations. I venture to express the hope that within the near future the majority of the strong State banks and trust companies doing a commercial business will join this system.

The Federal reserve act economizes the use of capital; it makes its use more effective than under the old system; by lowering the prescribed reserve requirements it has released hundreds of millions of capital which will provide additional credit; by its rediscount provisions and by the powers given to the Federal Reserve Board to suspend reserve requirements in cases of necessity it has practically made a financial panic of the type we went through in 1907 an impossibility.

The banks have been greatly strengthened by these reforms and have enlarged their power to grant discounts to their customers both in domestic and international trade.

I believe the result will be of lasting advantage and benefit, not only to the people of the United States but to the people of all nations which engage in trade with us.

I have tried briefly to outline just what the Federal reserve act has done for us, and to show how, incidentally, it may be of great advantage to all nations that trade with us. There remains only to consider the practical application of the principles of the act to the great problems of commerce, transportation, and finance which you are called together to consider, and these problems will be considered by you in conjunction with our own delegates, who are, it is needless to add, chosen men, representing the highest ability in practical banking, and who represent as well the highest type of our citizenship.

I am sure that it will be the earnest prayer of all the people of our country, and of the great nations whose delegates are here assembled, that our deliberations shall be crowned with successful achievement. [Prolonged applause.]

Secretary McADOO. Gentlemen, I have now the honor of introducing the Honorable Paul M. Warburg, another member of the Federal Reserve Board, who will speak on the future financial course of American nations. [Applause.]

ADDRESS OF HON. PAUL M. WARBURG.

MR. CHAIRMAN AND GENTLEMEN:

It is a great honor to be permitted to speak before a conference including the eminent leaders of government, finance, and business of an entire continent. It must be confessed, however, that to address so distinguished an audience upon a topic as difficult as the future financial course of the nations of America is a task to be undertaken only with great diffidence and hesitation.

We meet here deeply impressed by the unparalleled struggle which involves all the leading European nations and conscious of the fact that we are witnessing the beginning of one of the most important transformations in the world's history.

We can not at this time forecast whether the outcome of this struggle will be a drastic revision of the world's map or whether national lines will remain substantially unchanged. But we already know that the economic consequences of this unhappy strife will be far-reaching and will vitally affect the future economic development of our own hemisphere.

The object of this address is to attempt to crystallize some thoughts that must have come to us all who have stood in awe and amazement watching the sudden outburst and rapid spread of this disastrous conflagration across the Atlantic.

Before presenting these thoughts to you, on behalf of the Federal Reserve Board I beg to express the great satisfaction that my colleagues and I feel at being afforded this opportunity of deliberating with you the problem confronting us all at this momentous turn in our history.

WHENCE AND WHITHER?

THE FUTURE FINANCIAL COURSE OF AMERICAN NATIONS.

In August, 1914, six European powers went to war. The anomalous consequence of this event was that all American nations were thrown into a condition of acute financial and commercial disturbance.

Would it have been possible to avoid so disastrous an effect upon nations not directly involved in this struggle and thousands of miles removed from the fields of battle? And, furthermore, by what means may we hope to prevent, in the future, the recurrence of such fatal conditions?

These questions are deserving of the most serious consideration by this Conference. The problem affects us all. We have all, whether in the northern, central, or southern division of the Western Hemisphere, suffered together. It is of the most vital importance that, if at all possible, a proper remedy be found.

Our sufferings originated in disturbances of three kinds—of shipping, of trade, and of credit.

These three phases of our economic life are so closely interrelated that a breakdown of one immediately affects the other. A collapse of credit must interrupt trade and therefore shipping. On the other hand, disruption of shipping and trade necessarily disorganizes credit, crippling, as it does, the banking machinery which rests on the fulfillment of contracts, remittances, and payments based on commercial transactions.

When in the face of untoward events actual experience affords a definite standard by which to judge cause and effect, it seems easy and often gratuitous for the critic to state what steps should have been taken. Retrospect is easier than forecast! Still, it is only by such analysis that we may hope to avoid similar mistakes in the future.

Reviewing, then, last summer's events upon these assumptions, we may say that disruption of shipping, trade, and credit in the countries of this hemisphere might have been less disastrous if, instead of relying exclusively upon Europe for their shipping and credit facilities, the American nations had begun in time to develop and organize their own large resources.

It is not within the purview of this address to elaborate the most interesting and important question, What American nations might have done in the past or what they should do in the future in order to secure their own transportation facilities independent of those of others. Confining ourselves to the subject of credit and banking, we may say with confidence that had the United States enacted and put into operation three years ago its Federal reserve system, not only could our country have weathered the storm without such far-reaching disturbances, but we should have been in position to save our American sister republics much loss and inconvenience.

In order to make this point clear it may be profitable to summarize briefly last year's events as now a chapter of the world's financial history. When the war began England occupied a most advantageous strategic financial position. She had been acting as the banker of the entire world, particularly by her system of acceptance credits, thus financing a vast majority of transactions involving the importation and exportation of goods between nations. The Hindoo, the Chinaman, the Japanese, the Australian, the African from Cape Colony to Egypt, the Canadian, the South American, the citizen of the

United States, and those of a large number of the European States, all had used the English credit market.

But when the war broke out all countries were suddenly called upon to pay their debts and to finance their trade from that time forward wherever they could do it to their best advantage. The consequence of this situation was that England found herself in the position of a creditor calling upon the entire world for the payment of debts due at a time when shipping and trade were disorganized. It was therefore impossible within the short time granted for such payment to liquidate obligations by the shipment of merchandise, even though it had been previously sold under contract. At the same time a British debt to foreign countries was shielded by a moratorium, so that the foreigner who happened to be in debt to England, yet unable to collect there any sums due him, found himself able to settle his own debts to that country only by buying sterling remittances at most exorbitant prices or by shipping actual gold. British stock exchanges had been closed, and even those foreign debtors who owned British securities or securities which normally found a market in England by the sale of which, therefore, they might have created balances with which to pay their debts, saw themselves debarred from using these assets for the liquidation of their obligations.

Every country was thrown into confusion. Not one remained sufficiently undisturbed to be able to help the others.

An English writer, now officially connected with the British exchequer, has written a very able and interesting book wherein he sums up the condition then created, as follows:

London was so strong that it did not know how strong it was. Consequently, being a little flustered by the suddenness of the outbreak of the war, on a scale that mankind had never seen before, it made the mistake of asking its debtors to repay it, not the thousands of millions that it had lent in the form of permanent investment, but the comparatively trifling amount—perhaps one hundred and fifty or two hundred millions (pounds sterling)—that it had lent in the shape of bills of exchange drawn on it, and other forms of short credits. Thereby it put the rest of the economically civilized world, for the time being, into the bankruptcy court, and so, finding that none of its debtors could pay, it thought itself obliged to ask for time from its own creditors at home.¹

It is not for us to criticize England for having acted in the premises from a merely selfish point of view. This may well have been her duty. Her vital interests were at stake, and in view of the great catastrophe which she had to face it was necessary that she should muster from all parts of the world, not only her military, but also her financial reserves. Nor is much to be gained by insisting, with the British authority already cited, that some of the drastic measures

¹ Hartley Withers, "War and Lombard Street."

which England found it necessary to take, and even her moratorium, might have been avoided if, immediately upon the beginning of the disturbance, she had been adequately prepared to issue without hesitation an ample supply of emergency currency.

We must not blame England; we must blame ourselves for having carelessly placed ourselves in this economically dangerous position.

Without venturing to analyze the problems of other countries, we may say with reference to the United States that the responsibility for having been caught tied hand and foot when the crash came is in two respects our own. As already stated, we should several years ago have reorganized our financial system so as to keep our gold under our own effective control and so as to enable us to finance with our own resources our import and export transactions. We should, furthermore, have avoided borrowing abroad when we could have financed our requirements at home, even though foreign aid was had at a slight advantage in rate. [Applause.]

The chief lesson which all American nations will have to learn from last year's experience is that it is unwise for the world to place its financial dependence upon any single nation; and that those who can afford to do so, as, for instance, the United States, should from this time on adopt a policy of greater reliance upon their own resources. Those countries which can not rely exclusively upon their own resources should adopt a policy of dividing the risks of financial dependence as evenly and widely as they possibly can.

Financial dependence expresses itself in two ways: First, in the short-term credit granted to individuals; and, second, in the long-term and corporate credit, particularly that granted to Governments.

Dealing first with the problem of individual credits, the United States may be profoundly grateful that just at this time its new banking system has been established. The day of the opening of our Federal reserve banks will mark the advent of our financial independence. We are now able to finance our own imports and exports by the use of American acceptances. More than that, we are in a position to finance the trade of other nations and to play, in this respect, the part of an international banker that has heretofore been played almost exclusively by England. While it is true that Germany and France, during the past generation, have begun to finance a large portion of their own trade by acceptances of their own banks, the bulk of the business has heretofore been handled by England. There is no doubt that, upon the establishment of peace, there will be a tendency on the part of many nations to emancipate themselves in this respect, and we may add, with profound conviction, that it is precisely in this field that the United States will be destined to play a most important rôle.

We realize, of course, that it will be an arduous task to procure for our American acceptances the same standing in world markets as is now enjoyed by those of nations that have been in the field for generations past. Their commercial and financial relations are well established and bankers in foreign countries are more familiar with the names of European than of American acceptors. Moreover, the avenues that lead toward European establishments for the sale or discount of acceptances are clearly mapped out and at present of readier access than the new paths leading to those of the United States. It is difficult to change well-established banking habits. We are well aware, therefore, of the fact that it will be necessary for this country to render the utmost possible assistance in order to facilitate a development so eminently desirable for the future protection of these large continents. This can be done in several ways:

First, by the readiness of our banks and bankers to enter this new field in a spirit of liberality and patriotism. They must be thoroughly imbued with the thought that it is necessary for the financial independence of their country and for the security of our American sister Republics that import and export transactions touching this country should in the future be financed by ourselves. [Applause.]

It may be opportune to point out in this connection that the Federal reserve act gives ample powers for the development of this business even though these powers may have to be still further enlarged. Member banks may accept and Federal reserve banks may discount bills arising out of transactions based upon the "importation or exportation" of goods. The Federal Reserve Board has been advised by its counsel that the words "importation" and "exportation," as used in this connection, need not be construed as confining these transactions to importations or exportations into or from the United States, but that these transactions may also cover shipments between foreign countries. We shall be in position, therefore, to serve as bankers for our American sister Republics, not only in their trade with us, but even in their trade with others.

In order to develop this new avenue of American banking we need not even draw upon the means heretofore employed for the financing of our own problems. The United States has a gold stock amounting to the phenomenal sum of about \$1,890,000,000, of which so far only \$300,000,000 in round figures have been concentrated in the Federal reserve banks. The Federal reserve banks need only continue the process just begun of substituting Federal reserve notes for the gold and gold certificates now in circulation, in order to gain control of a vast additional financial power which now lies idle. We may confidently expect, therefore, to find ample means to handle this business by the simple process of perfecting our organization and assembling our idle gold.

But in order to compete successfully in foreign markets we must have not only banks and bankers of undoubted standing, able and willing to undertake these acceptance transactions, but also discount rates that compare favorably with those of competing nations.

The fact that, within a few months, our banks have been able to accept in the aggregate an amount reported to be in excess of \$120,000,000 permits the conclusion that we have begun on a proper basis and with success. But the test will come when peace shall have been restored and when we shall have to make special efforts to maintain and strengthen our position. It will then be one of the functions of the Federal reserve banks to assist in the establishment of discount rates for these acceptances low enough to render them effective in securing business.

There is one other signal service that Federal reserve banks can render in this respect; that is, to facilitate the quotation of so-called "forward discount rates." A bank in a foreign country, when buying a dollar acceptance, must be assured of the rate at which the bill will be discounted when it reaches our country. On this rate it will largely depend whether the foreign shipper will use his European or his American credit facilities. The Federal reserve banks are fully alive to the importance of this question, and I may state on behalf of some of the largest of these banks that they will be prepared to give the greatest possible assistance by adopting a liberal policy in quoting such forward discount rates, good for a certain date or for delivery upon the arrival of mail by a given steamer.

The Federal Reserve Board and the Federal reserve banks have not yet reached any conclusions as to the most efficient method of fixing and transmitting these rates; whether they should be announced locally only at the office of a Federal reserve bank or whether it would be helpful to cable them to the main banking centers in foreign countries. It is hoped that both our guests and our bankers will consider the matter and give us the benefit of their suggestions.

The Federal reserve act, for the first time since the establishment of our national banking system, enabled national banks to open branches in foreign countries. Important branches have already been opened and others are soon to follow. It is hoped that the law may be amended in the near future so as to still further facilitate the establishment of such branches. It is generally felt that these direct connections with foreign countries will tend toward the development of better knowledge and understanding of local conditions and problems and the greater intimacy necessary for the development of cordial and mutually satisfactory business relations.

The vast powers of the Federal reserve banks will enable them to play a most important part, and they will do all they can to assist

in facilitating the growth of a truly American banking system ramifying throughout our entire hemisphere.

The policy thus outlined as applicable to individual transactions should also apply to corporate and Government financing. It is a source of weakness when a nation depends too largely on one single or several closely interrelated, foreign markets, no matter how attractive may be the terms upon which its obligations may be placed there. For, as experience has shown, such securities can be thrown back upon their makers at a time when it is least convenient. If, during a critical period, one single market or group of markets becomes unavailable, while obligations of a debtor country mature or requirements must imperatively be met, the debtor country finds itself in a most precarious condition.

It is true that one country can not prevent another from buying its securities, nor would it be advisable hermetically to seal one stock exchange against securities quoted on another for fear that a closing of the one might otherwise force the closing of the other. The advantage of free international interchange is such in peace that we must be willing to bear the disadvantages resulting therefrom in time of war. But every country, in order to be safe, must be prepared for such an eventuality. The financial structure of a country consists of three main parts—funded long-term securities and the organization for marketing them, viz, the stock exchange; individual short-term credits and the organization for marketing them, viz, the discount market and the deposit banks; and, finally, the note-issuing reserve banks. Every country must be prepared in grave emergencies to see the first of these three organs crippled and the stock exchange closed, but there must be such provision that the business of the country shall in that case be carried on by the other two units. In that respect last August found us still unprepared. The fact that our stock-exchange loans became unavailable crippled us. Our Federal Reserve System has since been opened, our organization is now established, and any future catastrophe will find us well equipped.

There is no doubt, however, of the vulnerability of any country if too large a volume of its securities be held in one other country. It is certain that the United States will be in a safer condition if, in the future, when placing the securities to be issued for the development of our own properties, we rely to a larger extent than in the past upon our own markets. It is important to state this principle emphatically, even though for the next few years to come it be not likely that Europe could act as a large purchaser of our securities owing to the stupendous amount of bonds issued by the various European Governments, the extraordinary inflation of currency existing in almost every part of Europe, and the appalling loss of property

suffered by those countries. Indeed, it may well be expected that from now on the United States will not only have to rely largely upon its own resources for its internal development but that we shall be called upon to provide means for absorbing the securities previously placed in Europe but now returning to us. It is impossible to predict how far the death struggle now going on in Europe must proceed before an end is reached, and we can not, therefore, form any estimate of the extent of the destruction of property and prosperity. But even at this juncture it must be apparent to every student of the problem that borrowing nations will have to husband their resources and move slowly in the further development of their capacities until the power of some of these warring nations to save shall have recuperated and European money shall again freely seek opportunities for investment abroad. Upon the degree to which destruction continues will depend the rôle we eventually shall have to play, not only with respect to our own affairs but with respect to those of others. No doubt there will be a strong desire on the part of other countries, and particularly of the American nations, to ask of the bankers of the United States governmental and corporate credits. Some large foreign loans, aggregating more than \$200,000,000, have been recently placed as a beginning. Our country will be prepared to render very substantial service in this respect. But we must bear in mind that in order to create a broad market for bonds of foreign nations it is not sufficient that our bankers alone be familiar with these countries. It is necessary that the investor, from his own knowledge, have confidence and a sympathetic understanding concerning the borrowing country's conditions. In other words, in order to open a wide market for foreign securities there must be intimate business relations with the countries which offer such securities for investment. The belief is often expressed that foreign loans create foreign business relations. This is true, but it can be said with equal force that foreign business relations are conducive to the conclusion of foreign loans. We may state with confidence that the United States will prove a strong market, growing in importance from year to year, for the loans of those foreign countries with which we entertain business relations. [Applause.]

Europe has done much in developing the northern, the central, and the southern parts of this hemisphere. European banks and bankers have been our staunch and loyal friends in the past. It would be unbecoming in us, and disloyal at the same time, were we to forget this or to attempt to profit from their misfortunes. But our own growth and development, and the unhappy fate that has overcome Europe have combined to bring us to a momentous turning point in our economic history. Our own steadily increasing weight and

Europe's relatively weakened condition mean that the New World must in the future lean less heavily on the Old.

I think I am justified in saying that there is no difference of conservative opinion that the United States does not aspire now to take the place of Europe's leading financial powers. Our own field of operation is still too vast to enable us or to render it even desirable for us to become the entire world's banker at this stage of our own development. But the safety of all countries—and we include England among their number—demands that if again the latter should find herself forced to call upon her debtors for instant payment, there should be at least one country strong and independent enough to shoulder a substantial portion of the burden.

The development of all American nations lies in the same direction, though there will be a difference in degree. It must be the aim of the United States from now on to move rapidly toward entire financial independence. It must be the aim of her sister republics so to divide the credits needed for their further development that the temporary breakdown of one creditor country will not seriously embarrass them. They will enjoy the greatest degree of safety in this respect if their creditor nations are geographically, politically, and economically separated from one another as far as possible. So that in case one should become involved the other may be expected to remain unaffected thereby. Though in normal times closely connected with Europe, the American continents ought to be so organized as to form a distinct and independent unit in times of emergency—a union whose transportation and credit systems will remain unbroken, even though all Europe should go to war.

An American union of this kind will prove of the greatest economic advantage for all nations concerned. If such a union be thought desirable, it must, however, be forged and riveted every day of the year. If it is to stand the test of time and stress, it must be a structure of gradual growth, carefully planned and consistently developed, and built upon a safe foundation. [Prolonged applause.]

Secretary McADOO. Gentlemen, I am now going to ask the Honorable Santiago Pérez Triana to address you.

Dr. SANTIAGO PEREZ TRIANA (Colombia). Gentlemen, it may be thought that in my remarks I am perhaps going beyond the limits of the subjects prescribed by this Conference. I bespeak from you your forbearance and patience, and I think that many of you will agree with me that I am not shooting at random, but that there may be something—in fact, that there is something—in what I have to say that is of fundamental and essential importance in relation to the great aims of this Conference.

This Conference has been called for the specific purpose of improving financial relations. I take it that that is a means—one of the many means—to a great end. The great end, taking it in a large way, is the welfare and the happiness of the peoples of this continent. That happiness and welfare must be developed on the lines, socially, politically, and internationally, that have thus far been followed. We have achieved great success, and those lines are, as far as human vision can go, the true ones and the honest ones; therefore, there is no reason why they should be changed. Those lines are crystallized in the words of seeking freedom through democracy. Inasmuch as there is no freedom without justice, that expresses it all. This Conference, therefore, is devoted to freedom and to democracy, and every great effect to maintain that freedom, like this one, for the improvement of financial relationships comes under that head.

At various times during the history of the continent since the beginning of the emancipation it has been found necessary to place on record utterances or to take steps tending to emphasize the fact that the continent is first and foremost devoted to democracy, and that no interference from outside, in any shape whatever, can or will be tolerated.

That has created a status or a condition which may be defined as the inviolability of the continent. The fact of that inviolability has been strengthened by the development of American history; and by American, as I said yesterday, I mean the totality of the continent. That fact has been brought into glaring vividness by the present unhappy events that are taking place in Europe. The inviolability of the continent stands like a wall which a careful owner of an orchard would build around it—a wall to protect his property from the encroachments of a wayward torrent in his neighborhood. When the torrent swells, it would seek to overflow, as torrents will, into the protected precincts, where it would find the protecting wall and would be diverted onward on its career. In this wise the inviolability of the American Continent is one of the determining factors of the present European war, for had the wall not existed the torrent would have been able to overflow and flood us.

These things are not perhaps generally said and thought, or perhaps they are thought and not said. A very short recapitulation of European history, especially during the last forty or fifty years, made in no spirit of criticism particularly, but with the calmness with which one looks at a clock and finds that it is 12 o'clock, I think will prove my contention. The European powers constituted themselves into two great groups within the last twenty-five years. Those two great groups prided themselves on having maintained the peace of Europe during the period of forty years, since the Franco-Prussian

War, and in a measure they did. The soil of Europe was not reddened with blood during that period. But they evolved a sort of war in which men were not killed outright with weapons, but they were with taxes principally for the burden of armaments. The increase of rivalry amongst the powers made an escape necessary it was found in conquest of foreign lands. The groups stood as joint conquerors. Sometimes they conquered jointly and sometimes individually, but the fact is that by fire and sword or otherwise the totality of the lands of the Eastern Hemisphere that were in weak hands were conquered. They were first labeled, then parceled and distributed amongst the most-favored members of the two conquering groups. Their labors may have been for the good of humanity, or they may not have been. It is not for me to say, at least not to say here. Of course such things are always adduced as being for the good of humanity, for the higher interests of civilization, the white man's burden, and whatnot. Like many other common men I would be in a far better position to appreciate those claims when they served to carry on the propaganda of conquest by sword and fire and blood, if they had not happened to coincide every time with pecuniary advantages to those who put them forth. But things come to an end, and even an Eastern Hemisphere, as large as it was, had to come to an end. And it did come to an end. There was nothing more to be distributed. Then hands were potentially stretched out and eager eyes were cast around to see where there were more lands to conquer. Certainly there were more lands. There were vast, immense, boundless plains and mountains and rivers and valleys; all was there basking in the sunshine, full of the promises of wealth and empty of humanity. But, alas, that mirage disappeared like a summer cloud in the sky, for there was that blessed inviolability that prevented such conquest.

It is not drawing too much upon the imagination to suppose such a scene as this: A private, a very private, cabinet council at one of the various monarchies in the presence of the respective monarch; the prime minister laying the burdens of his soul and of his nation before his august majesty; and then thus:

Sire, we have reached the extreme limit of taxation and the people are almost in rebellion in our midst. We are running on to irredeemable poverty, and the surplus of our population is going to other and happier lands where men are not born with the burden of debts of one hundred or one hundred and fifty years ago (for all the European nations are still paying for the Napoleonic wars, amongst others), and thus men who go abroad, who represent brain power and muscle and training, go to strengthen the political structure of our rivals of to-day and our enemies of to-morrow. A stop must be put to that. What is the remedy? We must have new lands and we must take them, conquer them where they are to be found, and we must follow the line of least resistance. We can not take them from the hands of powerful,

crystallized monarchies like ourselves, but we can and must take the lands of the continent of America, which are only protected by a political convention and by a pretended inviolability, which is a sin in the eyes of God and man, because the lands are there empty and desert and our humanity is here, and God made the earth for men to work it, etc.

Yesterday, sire, out of respect for that present convention, we were foolish to cut our throats mutually; that is to say, to go to war with the very same nations that stand in identically the same condition that we do. We should have united. There is room there in that part of the world to keep us going without wars amongst ourselves for a few hundred years.

I may have drawn the picture in rather lively colors, but the essence of it is absolutely true. Rivalries amongst the nations that would thus talk have hindered and may hinder in the future any such proceedings. But it is not for us Americans to rely on those rivalries when we see how they have been put aside in the conquest of the Eastern Hemisphere.

That brings me to this conclusion: The hour of watchfulness has only just begun for us now. The danger that I allude to does not lie in the perversity of individual men or in the perversity of collectivities; it is the growth of circumstances—circumstances that are deeply rooted in the past centuries—and it will be indispensable for certain systems which constitute, as I might call them, the sediment of history in Europe to be eliminated and replaced by democracy in its fullest meaning before those circumstances disappear. And they will not disappear easily. They will die hard and die fighting. Therefore we Americans must be prepared to make the inviolability of our continent stronger each day. [Applause.]

We have seen by this war what that inviolability means. We have seen that we are immune from many evils, but that we can open our arms and our hands and help not only the nations of this continent but the nations of Europe, thus fulfilling a great mission. Those are sacred trusts which we must work out and develop, and develop to their fullest capacity.

Now let us turn our eyes to our own continent. A house divided against itself soon falls. Ours is not a divided house. Yet, with reason or without reason, even amongst the members of a cordial, loving family, there may exist distrust. There are small darkneses in corners of the land. They may disappear or they may develop. Let us see that our harmony in this continent is diaphanous, transparent, and clear, without one shadow of doubt. The inviolability of the continent, which closed the era of conquest to outsiders, has not worked absolutely. I am not here to recapitulate or blame—far be it from me. Wherever redress is possible, redress should be accomplished. Wherever in the historic development of the nations redress is not possible, we have to resign ourselves to the imperfections of

humanity and let bygones be bygones and let the dead past bury its dead. [Applause.]

Yet there is a shadow. I do not say that it is justified. I do not say that it is unjustified. I am not analyzing it in an elaborate way. But there is a shadow of distrust, which here is darker and there is hardly perceptible. Let us take that shadow of distrust away. What is the essence of the like of a nation? Its sovereignty. What is the essence of sovereignty? Its integrity. Let the nations of this continent, all of them, in a formal and solemn manner, echoing words that have been pronounced in the history of this country by the chief of the executive power of this Nation not long ago, make it manifest that none of them covet the territory of the others and that they all consider that every man's home is sacred and every man's country is sacred, and that the borders of the respective nations shall be considered as sacred and never be conquered by force of arms. [Applause.]

You gentlemen here represent the continents of America. I speak to you like a man who has thought a good deal on this subject. I consider myself in that light, and excuse this mention of my humble personality, as a good connecting link between the two great sections of the continent, the Latin and the English speaking. I came to this country so many years ago that I do not like to tell it. I have seen its institutions grow. I learned then, in my youth, the words of the great Americans which have shone in history with a great light. I love my continent and my section of it, and I love the poor of this continent more than the rich, because greater work lies before them. The more powerful a country may be the more is its duty to be generous and to decree solemnly that no other nation's territory shall be violated—that will tend to the peace of the continent. And let it not be thought that I am referring to the strongest nation, for the microbe of imperialism very soon invades the organs. It is something very peculiar and it demonstrates how woefully embryonic is the development of mankind. Your honest man, your sincere man, your Christian man who will not take the ear of corn from his neighbor's field single handed, from the moment that he becomes numerous and acquires a collective conscience, not only takes the ear of corn but the field and the life of the neighbor to boot, and calls it conquest; then he presents himself as a hero of patriotism in a halo of glory for the admiration of future generations. [Applause.]

From the highest summit of executive power it has been declared in this country recently that it should be honesty and not convenience that should guide the policy of nations. We should hold that principle aloft. That is the flag of right. We should hold that aloft as the flag of this continent, so that to the supposititious prime

minister of the predatory monarchy we could reply: "Those lands, vast and rich and wonderfully potential for the welfare of humanity which you see and covet and demand because you say their possession by us is a sin against God and man, are not in that position. They are open to you. All your people may come in their thousands, and in their millions, and we will not only give them a home, but we will crown them with the right of citizenship; but this we tell you, you must come as peaceful multitudes, not as conquering clans. We have no place for your flags." [Applause.]

That is the message which I have to deliver. I can not suggest the means now. I have not prepared that. I do not know—I can form no opinion—as to how this suggestion might be received, and I have been in fear that it might not be thought proper, but I have said it. I bespeak your kindness, and I hope it will deserve and receive some attention. [Prolonged applause.]

Secretary McADOO. I now take great pleasure in calling upon Mr. A. Barton Hepburn, of New York.

MR. A. BARTON HEPBURN (New York):

MR. SECRETARY AND GENTLEMEN.—This is a great preparation for a very little speech. We have had the pleasure of meeting many—indeed, most—of the delegates from the two Americas in New York on their way here, and have cultivated their acquaintance very enjoyably and to a considerable extent. The importance of those men and the importance of the occasion and the work of this Conference, however, grows upon one as its labors unfold. It is truly a crucial time in the history of our own Government and in the history of the world. In the United States any conference or any convention given its head will presently find itself, as the expression is, and the mere fact that the first hour of the session this morning was consumed in discussion of the subject of transportation or communication between our respective countries shows where the great interest of the continents lies and where it centers. That truly is fundamental, for we can have no financial connection or commercial connection unless we have some means of getting at each other, direct, facile, easy of accomplishment, to be done in commercial competition with routes of transportation existing between other countries. As long as we send our ambassadors to South America by way of Europe, as long as our commercial transactions with all that continent to the south of us are consummated through the bankers of Europe, we can not hope to make much progress or to achieve very great success in reciprocal commerce with those countries. In fact, in our United States we have suffered under three cardinal embarrassments in cultivating trade with other nations in the past. The great bulk of the commercial banking of this country was done by our "national banks." These

were forbidden by law to do business anywhere except over the counter at the place named in their charters. They could not have branches or agencies either in this country or abroad. It followed inevitably that all the foreign trade of the country had to be financed by foreign bankers, by the bankers of the nations with whom we are seeking to compete. All this has now been done away with. The disadvantages of our former banking system as well as the advantages of the Federal reserve system, now so happily inaugurated, have been fully and fairly and most clearly set forth by Gov. Hamlin in his address to you to-day. We stand before the world to-day prepared to use the money power, the banking power of our own country, in the promotion of our own interests, in trade with other countries of the world—a position which we have never heretofore occupied.

There was still another great handicap. During the years of wooden ships our forests gave this country a great advantage in shipbuilding, and 90 per cent of all our foreign commerce was carried under the American flag and in American bottoms. The Civil War interrupted that, it is true, but the change of the construction of vessels from wood to iron and later steel made the greater change, and that country which enjoyed a more advanced development in its iron and steel products—England—naturally absorbed the greater portion of the shipbuilding of the world. Until last year only nine per cent of our foreign commerce was carried under our own flag.

Now, what does this mean? It means that in competition with England, France, Germany, and all the other commercial nations of the world our goods had to be transported under their flags and in their vessels and pay the rate of transportation fixed by the men with whom we were seeking to compete. Until the last session of our Congress American registry was absolutely forbidden to foreign-built vessels. Prohibition is the limit of protection, and from the organization of the country until recently no commercial vessel built in a foreign land could be registered under the American flag and do business as an American vessel. Fortunately the rigors of that law were modified by the last Congress—very much modified. And yet they have not gone far enough. In my judgment, in order to facilitate our intercourse with other nations under the American flag, Congress must go still further in liberalizing the laws under which vessels may be manufactured and manned in this country. [Applause.] As the law now stands, if we were to establish a line of vessels between this country and Argentina or Chile, it would be more economical and more to the advantage of the stockholders in such corporation to have that company incorporated under the laws of Argentina or the laws of Chile than under the laws of the United States. [Applause.]

But this present Government at the last session of Congress made many material—we might almost say radical—changes in our laws, and modifications in the right direction and to the advantage of the country. [Applause.] They made a tariff law which had a tendency to enlarge international communication. They have given us a very excellent banking law, which has the possibilities of working out into as good a commercial system and as good a banking system and currency system, I think, as any other nation possesses. I do not think it is quite perfect, but I have no doubt that under the administration of the men now in charge—and I want to say I do not think better selections could have been made throughout the country for the administration of this law (applause)—we may confidently rely upon the result.

Speaking with reference to the Federal Reserve Board here in Washington, and to the boards of the twelve different reserve banks throughout the country, they are under the charge of good, competent, earnest, serious men, and I believe that we are going to have an excellent banking credit system, and that is what we have not had before. [Applause.]

There is one other, the third of the great embarrassments under which we have labored as a nation in competing with other countries, and that is that our people speak only one language—English. We are so far away from other nations that we do not have to know their languages, and we do not. Since our relations with Porto Rico and Cuba have become so much closer, this country is improving with respect to Spanish. But in competition with other nations in the past we have had to employ representatives of those nations to conduct our business. In other words, in order to expand our foreign trade we have been obliged to call upon our competitors to finance our undertakings. We have had to depend upon them to transport our goods in competition with themselves and to rely upon these rivals to make our trades and do our thinking and do our business for us. [Applause.] Is it any wonder that only nine per cent of our commerce last year went under our own flag and in our own bottoms?

Well, now, gentlemen, all this is being changed. Our colleges, our universities, throughout the country and in our large cities, and our commercial schools are making a special effort to introduce the mastery of French and German and Spanish—especially Spanish—in order that we may come more closely and more intelligently and more successfully into contact with our neighbors to the south.

There is one further suggestion that I would like to make, and that is to express my gratitude for the privilege of sitting here and listening to the speech of the gentleman who has just preceded me. [Applause.] It was able and it was eloquent throughout, but to hear a

man from another one of the Americas advancing the Monroe doctrine, amplified and enlarged to mean America for Americans, applied to both the Northern and Southern Americas, is very delightful and gratifying indeed. It means "hands off" to the rest of the world, so far as the establishment here is concerned of any form of government which would be a disturbing element. It means more than that. It means the getting together of our people with common sympathy and with common purpose. We want nothing of you gentlemen to the south of us except your good will and your good society and your cooperation in doing the business of the world which we all do and must do in order to achieve our own means to develop our happiness, comfort, and prosperity. [Applause.]

Mr. Secretary, we owe you many things, but chief among them we wish to testify our appreciation of your foresight in calling this Conference of distinguished gentlemen at the present time. [Long applause.]

Secretary McAdoo. Gentlemen, before we adjourn there is one other gentleman whom I would like to call upon, and that is Mr. Mortimer Schiff, of New York. I would like him to talk a few moments about public financing, or governmental financing. Mr. Schiff, will you be kind enough to say a few words to the Conference upon that subject? Before Mr. Schiff begins his remarks I wish to say that certain of the delegates, as you will observe by reference to the program, are invited to luncheon with the Secretary of State at his house at one o'clock today. If these delegates will be good enough to resort to the Secretary's house upon the adjournment here—Mr. Schiff I am sure is not going to detain you very long—the Secretary will be happy to receive you.

MR. MORTIMER L. SCHIFF (NEW YORK):

MR. CHAIRMAN AND GENTLEMEN.—Great as is the privilege to address a gathering such as this and to participate in its deliberations, I have hesitated to accept the invitation of our distinguished Secretary of the Treasury to be one of the speakers, as there is so little of specific information and suggestion which I can contribute to the discussion. I welcome the opportunity, however, to become better acquainted with you gentlemen who represent our great sister Republics of the American Continent, and I hope that as a result of this Conference the business relations between our respective countries may be greatly increased and solidified. I leave it to others, better qualified than I am, to propose methods and means through which this can best be accomplished, and shall restrict myself more particularly to describing the situation as it now seems to exist. Of one thing I can assure you, and that is that the

interest of the United States in South and Central America is steadily growing and that our manufacturers, merchants, and bankers generally will welcome every opportunity to extend our business relations with your countries. [Applause.]

It must, however, be borne in mind from the start that we ourselves are not as yet under normal conditions a lending nation. We still need large amounts of capital for our own purposes, and a very considerable portion of our own securities are still held abroad, for which we must be prepared eventually to make payment, either by repurchasing them, or by meeting them when they mature. In addition, our investing public is still, in large measure, timid about investing money in foreign countries and prefers American securities to such an extent as at times to make the difference of return between foreign and domestic securities of similar quality, offered in our market, seem almost absurd. The banker is, of course, dependent on his clients, the ultimate investors; and while he can do much by a proper presentation of facts to educate them, in the final instance he is forced to adopt their view and can successfully offer and place only securities which meet with their unqualified approval.

International financing, from the standpoint of the banker, may be roughly subdivided into three classes of investments or advances of credit:

- (1) Government loans, including those to States and municipalities;

- (2) Obligations and shares of transportation, industrial, and public service corporations;

- (3) Commercial credits and, generally, the financing of purchases and sales of goods and commodities.

My own training and experience have been primarily along the lines of government and corporation finance, and I shall, therefore, discuss rather those features of the close relationship we hope to see brought about between the Latin-American countries and the United States. I shall not attempt to go into any detailed description of the manner in which such financing should be done, as I assume that all of you are well informed as to this. I shall only try to point out some of the more important requisites necessary to make your securities suitable for our markets and in that connection call to your attention some of the difficulties with which bankers and issuing houses have to contend and some of the problems which they have to solve.

Every country has its own methods of doing business, and our methods in the United States differ in some particulars from those to which you may have been accustomed in London, Paris, and Berlin. In several important particulars our method of distributing and handling securities is not the same as that in use in the countries

of Europe, and this must be borne in mind in determining the type of security to be offered and the basis on which it is to be placed. I do not say that our methods are better than those of Europe, but they are different; and, as a result, a security, which under normal conditions might find a ready European market, might be very difficult to deal with here.

To take up, first, the matter of government finance, it is very important that the investor should be assured that the borrowing country is economically administered; that in its annual budget income and expenditures balance; and that the proceeds of any loan wanted are to be used for productive purposes. From the point of view of the investor, dreadnaughts and rifles are not good security. It seems to me that a country should provide out of its own budget, through taxation of its own people or by internal loans provided by them, for all that might be called its nonproductive expenditures, and that it should restrict its foreign borrowing to such purposes—public works, railroads, irrigation, etc.—as may be self-supporting. In this connection, the policy recently adopted by our own great City of New York may be of interest. On September 19, 1914, the Board of Estimate and Apportionment of the City of New York passed the following resolution:

“Whereas, the members of this board have contemplated the necessity of adopting a new policy with regard to the financing of permanent public improvements, looking to the payment of the expense thereof in increasing proportions out of the budget of the city rather than through the issue of long-term bonds, and have already adopted such practice in part, which intent was further evidenced by the statement contained in the communication addressed by the Mayor to this Board in transmittal of the executive budget on August the 14th last; and

Whereas the present is an appropriate time for the further extension of this policy: now, therefore, be it

Resolved, That the Board of Estimate and Apportionment hereby declares that it will pursue the following plan in financing public improvements:

(1) The cost of all improvements of the revenue-producing class, such as rapid transit, docks, railway and water terminals, and water supply, shall be defrayed by the issue of 50-year corporate stock as heretofore.

(2) The cost of all permanent improvements, other than those of the revenue-producing class, hereafter authorized by this Board, shall be financed as follows:

(a) Those authorized subsequent to the passage of this resolution and during the year 1915 shall be paid for, three-quarters by the issue of 15-year corporate stock. The corporate stock so issued shall mature either in not more than 15 years, amortized as provided by law, or in equal annual installments, during a period of not more than 15 years. The remaining one-quarter of the cost of such improvements shall be paid through the medium of a one-year bond payable from the next annual tax budget.

(b) Those authorized in the year 1916 shall be paid for, one-half by the issue of corporate stock maturing as aforesaid. The remaining

one-half of the cost of such improvements shall be paid through the medium of a one-year bond payable from the next annual tax budget.

(c) Those authorized in the year 1917 shall be paid for, one-quarter by the issue of corporate stock as aforesaid. The remaining three-quarters of the cost of such improvements shall be paid through the medium of a one-year bond payable from the next annual tax budget.

(d) The foregoing statements of policy contemplate the financing of improvements authorized during the year 1918 and subsequent years through the inclusion of the entire cost thereof in the annual budget of the city, excepting the revenue-producing improvements hereinbefore mentioned.

(3) In so far as corporate stock notes issued by the City of New York as a part of the proposed loan of \$100,000,000 shall be retired by issues of corporate stock, the corporate stock so issued shall mature as provided in clauses (a), (b) and (c) of paragraph 2 of these resolutions.

(4) The cost of public works already authorized, whether under contract or not, but in respect of which new bonds are to be issued, is to be financed in the same manner as above provided, with the exception of the cost of revenue-producing improvements hereinbefore mentioned.

Nothing herein contained shall be deemed to affect either corporate stock or assessment bonds issued to replenish the street improvement fund or the fund for street and park openings."

I have quoted these resolutions, which were adopted by the municipal authorities of New York City at the height of the stress and strain ensuing upon the outbreak of the European war, and which even under those trying conditions were found entirely satisfactory by bankers and investors, not as embodying a hard-and-fast plan to be followed in every case, but as illustrating the general principles which it is desirable to adopt in government and municipal financing, in order that investors may have the greatest sense of confidence in the investments of this kind they are invited to take.

I would venture to suggest that in financing productive enterprises in foreign countries, the most acceptable form of security is a bond, having a direct lien upon the enterprise itself and guaranteed by indorsement by the government rather than a direct government obligation. I well know the disinclination on the part of many governments to pledge specific security, but I firmly believe that by doing so and making the bonds to be issued primarily the obligation of the enterprise for whose purposes the proceeds are to be used the best results can be accomplished and the best market be secured. This is, of course, based on the proposition that governments should be administered like large corporate enterprises in a businesslike manner, and that public works are undertaken, not for political purposes, but because they are needed by the country and will yield a proper return.

Where, however, it is not feasible to issue such a guaranteed obligation and consequently a direct obligation of a government is, for one reason or another, the type of bond selected, a definite

pledge, for the service of the loan, of all or a portion of some definite form of governmental revenue will always prove of advantage. This may not always be necessary, but with countries still in course of development and dependent on foreign financial assistance, the investor seems to feel that he has the right to expect that some definite security be given. While at the start it may be necessary to do this in order to open markets and inspire confidence, if in the course of time the record of the borrower justifies it, the normal course of development may permit the placing of loans not specifically secured. Our public has never taken kindly to debentures or other unsecured obligations and has become accustomed to mortgage security. If, therefore, it is desired to interest the American public in foreign securities, it is important that in every instance in which it is practicable mortgage security should be given.

From this it follows that the laws in the foreign countries, in which the securities are domiciled, must be such as to give full protection to the foreign lender, so that, in case of need, he can proceed without difficulty to foreclose upon the property on which he has a lien. Any difficulties in the laws in this respect will militate very much against the possibility of placing such securities in the United States. Loans to be placed in this country should also, if possible, bear a definite relation to trade with this country, and the proceeds should be used for such purposes as will best further this trade. Our investors will give a much more favorable reception to a loan, which they feel stimulates our trade, than to one issued for purely internal needs of the borrowing nation.

Assuming that the general principles just stated are followed, the exact form of the obligation proposed to be offered to investors in this country is a matter which must be dealt with in each particular instance, and no general rule can be laid down as to this, since it depends almost exclusively upon conditions existing at the time of the negotiation of the loan. At certain times, a short-term note is the only feasible type; while, at others, a long-time or a serial bond can be sold to good advantage. As a general proposition, however, it seems to me that short-term securities should be avoided, if it is at all practicable, even though by doing so the borrowing Government is obligated to what may seem to be a high rate of interest for a longer period of time. If financial conditions should change and money be procurable at materially lower rates, advantage can be taken of the redemption provision, which should be embodied in every long-time bond. As a matter of fact, however, experience has shown that, generally speaking, there is no economy in short-time borrowing—to say nothing of the danger involved for the borrower in running up a considerable debt with an early maturity. For the

same reason, a sinking fund should also be provided, if in any way possible, in order to reduce the amount which must eventually be refinanced.

It is, of course, of the greatest importance that such type of security be selected as the issuing houses can unqualifiedly endorse. On the other hand, the issuing houses must cooperate with the borrowing nation in making the security of such character as to render it certain that the latter can surely and punctually meet the engagements it undertakes. A security, even if successfully issued, whose terms are too onerous upon the borrower is not the proper one to offer to our public; and if, as a result of such onerous terms, defaults should occur, the effect may be disastrous upon further placing of loans of the borrowing country in question and, indeed, of foreign loans in general.

I am sure I need not touch upon the necessity for conforming strictly to the customs prevalent here as to the preparation of bonds, by which I mean the method of their engraving and the form in which they are drawn. Certain standards in respect to this have become very firmly established and it is important that they should be observed.

There is one other matter about government finance to which I feel some delicacy in calling attention, but of which, as it is of such great importance, I shall venture to speak, hoping that I may not be misunderstood in so doing. It is the broad question of the stability and permanency of the government of the borrowing country. Unless that is assured and our investing public feels confident that it will be maintained, it is hopeless to try to place the country's securities in the United States.

Small loans are likewise difficult to place, as the investor naturally dislikes purchasing a security forming part of only a small issue, since, in case he desires to realize upon his investment, he knows he will find a very narrow market, if one at all. I therefore fear that for some time to come public issues of foreign securities in this country must be restricted to the larger issues of the more important countries, although from time to time smaller amounts may possibly be dealt with in the form of Treasury bills or other short-time securities.

One of the greatest difficulties in dealing with governments—and this holds true of every government, whether in South or Central America, or anywhere else—is the difficulty of making rapid negotiations and bringing them to a prompt conclusion. A corporation is usually in a position to make a prompt decision and thus take advantage of the right moment to finance its needs, while, on the other hand, governments are usually slow to reach a decision and negotiations drag on. The result is that it often occurs that, by the time

the negotiation is completed, financial conditions have totally changed, and a business, which at its inception seemed feasible, is so no longer. It would facilitate matters very much, if when a negotiation for an important financial transaction is about to be undertaken, a plenipotentiary could be empowered to deal with the bankers on the spot, rather than have the negotiations conducted by cable. According to my information, the Latin-American nations represented by you have very wisely in the past dealt more or less exclusively with certain definite bankers in the countries where their obligations have been placed, and have thus maintained a continuity of financial relations. It is very important for the maintenance of proper credit that this should be so. While in times of great ease of money and of large investment demand there may be a momentary advantage in obtaining competitive bidding, the practice does not pay in the long run, and experience has shown that, satisfactory relations having been established, the best results are achieved by continuing them. The great majority of the public looks to the issuing houses for guidance in the matter of its investments and expects them to see to it that all possible safeguards are set up to protect the investor. No issuing house can properly perform this public duty, unless it has the unqualified confidence of the borrower, be it a government or a corporation; and this mutual confidence can be secured only through more or less permanent relations.

With regard to corporate finance, as distinct from government finance, the same tests must be applied in judging the adaptability and availability of the securities of corporations for placing in this country, as if they had to do with the domestic enterprises of the United States. You of Latin America have, however, one great advantage over us, and that is your system of definite concessions to private business enterprises for definite periods of time. Your Governments have thus assumed a contractual relationship with such business enterprises, by which the latter have been assured of undisturbed possession of the rights granted them; and, if I am not mistaken, in many instances and particularly in railway enterprises, of minimum rates of compensation and of freedom from competition. Corporate enterprises of this character, properly established and successful in their activities, should in time find in this country a market for their securities. Enterprises in course of construction are always difficult to finance, even when they are located in our own country; and this would of course be even more true of those located in foreign countries. For these, government aid by way of guaranties or otherwise, would probably be necessary in order to make their securities marketable here.

In conclusion may I point out that it must not be assumed because a number of foreign loans have recently been placed here, that this

country has suddenly become a world market for securities and is in a position wholly to replace the European markets, upon which you have heretofore, to a great extent, been dependent. It is true that, owing to the war and the great—though probably temporary—abundance of money, we have for the time being become the only open financial market, and that, as a result, it has been possible to place some foreign loans here. This has been, however, to a considerable extent forced placing, and the investor has had to be tempted by very high rates of interest. This has held true of European, as well as of South American loans. The better knowledge of the entire class of foreign securities is, however, steadily growing in the United States; and I think we are justified in the expectation that in time we can build up a real clientele here for this type of loans. When once the investor is convinced of the safety of many forms of foreign obligations, it should become feasible to place such loans here on their own merits and on a basis comparable to that upon which our own securities of similar character are placed. This process can not be artificially hastened; but, if the normal development is allowed to take place, without too much pressure being brought to hurry it or to foster it on hastily devised and artificial lines, we may look forward with confidence to a sound growth of our investment market for foreign and in particular for South American securities.

Too much stress, however, can not be laid upon the truth that the only relationship between the countries of Latin America and the United States that can be lasting and satisfactory, is one which is based on mutual understanding and good will; and that, if such a relationship is once firmly established, the development of all our financial and commercial intercourse is bound to be along proper and permanently effective lines. On the other hand, just as the credit of a number of our own enterprises has been seriously damaged through mistakes of management, with a resultant effect on some of our domestic securities, so will irreparable damage be done to the possibility of financing your requirements here, if great care be not taken in respect of the quality of the securities which are offered to American investors. It takes years of time and every manner of precaution to establish confidence; but it may be destroyed in a moment.

Investors in this country are still timid as to foreign investments and have not yet fully learned how to discriminate. They now rely to a great extent upon their confidence in the judgment and standing of the issuing houses that offer these investments. But finally the public itself learns to differentiate between the good and the bad, and it is only by a record of solvency and proper administration that its approval and interest can be permanently secured. In order to establish this understanding and discernment on the part of our invest-

ing public, our respective countries must become better acquainted, and in this lies the great value of a conference like the present one. It is a direct indication to our people that both you and we are desirous to know each other better, and to enlarge and cement our relations with each other. Ours is the greatest hemisphere and we have few, if any, conflicting interests. Our aims and ideals are to a great extent the same; and I, for one, feel confident that if together and in harmony we pursue these common aims and ideals steadfastly, we can mutually look forward to a future bright with promise. [Prolonged applause.]

GENERAL ANNOUNCEMENTS.

Secretary McADOO. Gentlemen, I desire to make one or two announcements. The next general session of the Conference will be on Thursday morning at 10 o'clock. That provides for group conferences this afternoon and all of to-morrow. On Thursday morning we can take up any subjects which need further elucidation or discussion in general conference. I hope the group committees will devote themselves energetically to the matters they have before them.

You will find on the program the designations of the rooms in the Shoreham Hotel for each of the group committees. I wish to say that the committee on uniformity of laws meets in this building this afternoon at 4 o'clock in the room just behind the platform, and I hope all of the members of that committee will, if possible, be in attendance.

The transportation committee, appointed this morning, is requested to meet on Wednesday, that is to-morrow, at the Hotel Shoreham, in room 99, at 12 o'clock. Please do not forget that, and if any members of that committee are not present I hope those of you who have heard the announcement will communicate it to them. It will also be published in the newspapers.

The Secretary-General has one or two matters that he desires to submit before we adjourn.

The Secretary-General, Dr. ROWE. Gentlemen, I wish to ask the representatives from the United States to register to-day on their way out. It is especially important that we should have your addresses in Washington. We have not as yet been able to secure them all. I desire to ask therefore that the members from the United States register in the special book at the foot of the stairs. I may say also that this registering is very important because we have a great many letters to be distributed. Some of them are here on the platform, and I will have the names read in order that those to whom they are

addressed may get them. I also have two telegrams which I will deliver to the gentlemen to whom they are addressed.

. I wish to say that a new edition of the program will be completed to-day and will be distributed to-morrow, containing all the group conference committees. I also desire to state that this afternoon you will have thirty galley proofs of the group conference committees which will be distributed in the committee rooms.

Furthermore, I wish to announce that there will be an official photograph taken of all the members of the Conference immediately after adjournment to-day, if the members will remain. The photograph will be taken in front of the building.

Secretary McAdoo. The Conference will now adjourn until Thursday morning.

(Accordingly, at 1.10 p. m., the Conference adjourned until Thursday, May 27, 1915, at 10 o'clock a. m.)

FOURTH SESSION

THURSDAY MORNING, MAY 27, 1915

FOURTH SESSION, THURSDAY MORNING, MAY 27.

The Conference was called to order at 10 a. m.

Secretary McAdoo. Gentlemen, I wish to offer you greetings and to congratulate you upon the beautiful weather we are having in Washington, and also to express the hope that you, individually and collectively, are feeling well and capable of doing a great deal more work before this Conference adjourns.

COMMITTEE APPOINTMENTS.

I was handed yesterday afternoon the final edition of the program. There are a few errors in it. I wish to say that my attention was called after the announcement of the two large committees, made the other day, to the fact that on the Committee on Transportation neither the Mississippi Valley nor the city of New Orleans was represented. I took the liberty of appointing during the recess Mr. Sol Wexler, of New Orleans, and Hon. David R. Francis, of St. Louis, to this committee, and I announced the other morning that Mr. Benjamin R. Strong, jr., of New York, governor of the Federal reserve bank of that city, was appointed to membership on the Committee on Uniform Laws and International Trade Court. By error the program has him assigned to the Committee on Transportation. As the Transportation Committee already has quite a large representation from New York, I felt that Mr. Strong had better act in the other capacity, and I want to correct that error in the program.

CONGRATULATORY TELEGRAMS RECEIVED.

We have a cablegram this morning from the President of Argentina which I shall ask the Secretary-General to read to the Conference.

The Secretary-General, Dr. Rowe:

Buenos Aires, May 26.

CHAIRMAN OF THE PAN AMERICAN FINANCIAL CONFERENCE,

Washington, D. C.:

On behalf of the Government and people of the Argentine Republic I beg to thank you most cordially for the congratulations which Your Excellency

was good enough to send me in the name of the Pan American Financial Conference; and I have great pleasure in offering to the Conference, through its very worthy chairman, my sincere wishes for the success of its deliberations, confident that they will be most beneficial in furthering the economic development of all the Republics of America and in establishing closer relations between them.

VICTORINO DE LA PLAZA,
President Argentine Republic.

[Applause.]

The Secretary-General then read the following telegram from the National Association of Manufacturers, in session in New York:

NEW YORK, May 26.

CHAIRMAN OF THE PAN AMERICAN FINANCIAL CONFERENCE,

Washington, D. C.:

The National Association of Manufacturers of the United States of America in convention assembled extends to the delegates of the Pan American Financial Conference its heartiest greetings and expresses the hope that the Conference will result in increased cooperation between the countries of the Americas in matters of finance, commerce, and industry, and believes that its work will strongly influence the movement in favor of more direct interchange of products of Latin America and of the United States, and pledges the active assistance of the association's widespread membership in looking after the welfare of the delegates in the cities which they will visit.

THE NATIONAL ASSOCIATION OF MANUFACTURERS,
GEORGE COPELAND, *President.*

(The telegram was translated into Spanish by the Secretary-General.)

Secretary McADOO. Before we begin the regular proceedings, I should like to make this announcement: The luncheon which is to be held here to-day is not a formal luncheon; I mean that no formal invitations have been issued. All the members of the Conference and their secretaries, of course, are cordially invited, and we hope that the representatives of the press will also come as our guests. I thought I had better make this announcement now, because I understand there seems to be some doubt about it. The door is open and the latch-string hangs on the outside, but if the door appears to be closed all you have to do is to pull the string and join in the good fellowship the occasion offers. I hope that every one of you will make it a point to be present, because after luncheon you will take the yacht *Mayflower* and go to Mount Vernon. Luncheon will be served in the room below this one.

Gentlemen, I now have the honor of introducing to you the Honorable Joseph E. Davies, who is chairman of the newly organized Federal Trade Commission and who has been kind enough to agree to address you on this occasion. [Applause.]

**ADDRESS OF HON. JOSEPH E. DAVIES, CHAIRMAN OF THE
FEDERAL TRADE COMMISSION.**

MEMBERS OF THE PAN AMERICAN FINANCIAL CONFERENCE, LADIES
AND GENTLEMEN:

This meeting of distinguished citizens of the Pan American Republics is of epochal significance. It is held among international conditions of the most stupendous and momentous character that the world has ever experienced. For the Federal Trade Commission I am commissioned to say that it is desirous of doing all things, that in its powers lie, to further and extend the beneficent purposes and effects of this great Conference.

CONFERENCE DISTINCTIVE OF THE SPIRIT OF THE AMERICAS.

It is distinctive of the genius of the Americas that the vision of one of the greatest Secretaries of the Treasury of the United States should have conceived this idea, and that the enlightened and progressive statesmanship of eighteen republics should have grasped, sustained, and executed this altogether remarkable plan. This meeting, indeed, typifies both the ideal and practical quality of the genius of the American Republics. [Applause.]

COUNCILS OF WAR AND COUNCILS OF PEACE.

Across the seas, councils of the commanding brains of the nations of Europe are also engaged in great problems, pertaining to the mobilization of men and money for the purposes of war. This council of the Americas is held to marshal the great forces of peace into conditions that make for mutual helpfulness. The genius of Europe is addressed to war; the spirit of the Americas is turned toward peace. From the deliberations here there will come no colossal destruction of property, no horrible sacrifice of men, no anguishing hearts of women, no orphaning of children, no burdens of inferior race production and increased taxation for posterity. Your deliberations are fertile with the promise that greater argosies of peace and good will will sail the seas; that more factories will hum; that more men will be at work; that the standard of living may be raised; that more children may be educated; that more women may attend to their household cares singing with the contentment of peace as the days go by; and that the ideals of republican altruism may demonstrate to a world gone mad that the gospel of the Carpenter of Galilee is not a lie, but a living hope and beacon for the Republics of the Americas, in their contribution to the world and to its civilization.

It is in keeping with the practicalities, judgment, and wisdom characteristic of the American financier, master of industry, and statesman, that this common council of the nations of this continent should be held at this crisis in international conditions. The European war has altered and will alter the trade courses of the world. It has served to give us all pause, to analyze conditions that have been permitted to grow and to obtain, while we were secure in the confidence of peace, and lulled into indifference by temporary advantage. This war has startled us into a realization of the direction in which we were drifting, and the courses of trade which the nations of this continent had permitted to develop. Problems have been thus rudely thrust upon us all alike. This upheaval of conditions overnight has brought similar consequences to the republics of this hemisphere. The dilemma of the cotton planters of the Southern States of this country was no more severe or typical than that which confronted the coffee planters of Brazil, the wheat growers of Argentina, or the nitrate producers of Chile. The suspension of our boards of trade was duplicated in Santiago, Buenos Aires, and Rio de Janeiro. We were all in the same boat, afloat between the Atlantic and the Pacific.

INTERDEPENDENCE OF AMERICAN REPUBLICS.

In this situation we perforce look in upon ourselves. Such readjustments as are available we find are largely dependent upon our interrelations which exist and which may be developed. It is to the interest of each of us, nationally, to develop commercial and financial relations between ourselves. This is the underlying fact and problem which confronts this Conference.

MUTUAL INTEREST IN PAN-AMERICAN TRADE.

Trade, if it is to be permanent, must be based on mutual advantage. Ships must bring us the cocoa and hides of Bolivia, Venezuela, and Uruguay, the coffee, rubber, and ivory of Costa Rica, Guatemala, Nicaragua, and Panama, the fruit, potash, fibers, and meats of Colombia, of Honduras, Paraguay, Peru, and Salvador. You furnish these products and others equal and superior to similar products produced anywhere in the world. We need them; you need our products. If contracts are to be renewed and repeated, they must bring a profitable consideration to both parties.

It is suggestive of great promise that the expressions from the nations here represented all contain the recognition of the fact that the permanency of our future relationships, and the profitableness of them to us all, must depend upon the degree not alone of mutual

profit, but of mutual confidence which each nation has in the integrity of the motives of the others. Trade, like contracts between men, to develop and to grow, must be founded upon good faith between the parties. Trade thrives on profit, but profit flies when trade lacks confidence.

MUTUAL CONFIDENCE DEMONSTRATED BY PAST FACTS.

It is a matter of congratulation that in this situation professions of mutual confidence and integrity of motive are not limited to assurances in the future, but are demonstrated by accomplishments in the past. As has been said by a distinguished statesman from South America in the course of this Conference, the attitude of the United States toward Cuba gave earnest of the spirit of the American people to all the world, of the integrity and sincerity of its altruistic purpose and object. The statement of the greatest proponent of peace in the world, the President of the United States, made at Mobile, Alabama, a year ago, bespoke the spirit of America in denying the desire of the United States to attain by conquest a fraction of land of this continent other than what it now possessed. The splendid service, the generous spirit, and the unanimity of action of Argentina, Brazil, and Chile in the Mexican mediation conference, all in the recent past, and the enactment of the peace treaties, give pledge of the sincerity and good faith in the common purposes and ends of the Republics of this continent in their dealings with each other. [Applause.]

IDENTITY OF PRINCIPLES AUGURS PERMANENT RELATIONSHIPS.

Underlying these facts and accomplishments cementing mutual confidence and respect there is a promise of permanency because of the identity of the principles underlying our governments.

Fundamentally the common purpose of republican government gives assurance that in our development separately and in relation with one another we shall be guided by a common ideal and by a similar purpose, object, and end. The problems of trade will be attacked with identical conceptions of what constitutes the proper attitude of government toward industry and trade and of what constitutes justice and fairness to all men in the avenues of trade.

The development of the future will be financial and industrial. In both of these there is possibility of friction between nations.

INTERNATIONAL MONOPOLY AND UNFAIR COMPETITION.

Great industrial developments are imminent in the different nations of this hemisphere. They will and should be fostered. But it is fortunate that in the Republics represented in this Conference there

is identity of attitude as to the relation of government to industry and to its citizens. It has been instinctive to democracy to recognize that monopolistic private development in the negation of democracy; that industrial private monopoly is industrial tyranny; that profession of political freedom is hypocrisy unless freedom of individual opportunity through government is preserved. Every Republic of this hemisphere holds private monopoly to be indefensible and intolerable and antagonistic to the spirit of republican conceptions of government. It is fortunate that this common point of view is grounded on the very foundations of our political philosophy, for in the great developments that are at hand "enlightened selfishness" must control mammoth developments of power, which may become greater than the states or nations of their creation. Monopoly of an international character is not a fear of the future. It is a fact of the present. Unfair methods of competition to destroy rivals are not confined to local monopoly, but may be participated in by nations as well. There is no logical or ethical distinction between governments and individuals or corporations if engaged in such practices. They are equally intolerable. A common policy locally applied by the American nations gives promise of the development of a policy in common internationally applied for the mutual protection of all. Last May, in Paris, at the convention of the chambers of commerce of the world, it is to be noted that one of the most important committees appointed, upon which were placed representatives from all of the industrial nations of the world there represented, was a committee to formulate a code as to what constituted unfair competition in international commerce, which code should be sustained by the enlightened public opinion of all the industrial nations. The International Union for the Protection of Industrial Property, to which there are twenty-two signatures of the nations of the world, and which expressly provides for the elimination of unfair competition, indicates the necessity for such development. But three of the nations here in conference were signatories thereto.

A PAN AMERICAN INTERNATIONAL TRIBUNAL.

The fact that the Republics of this hemisphere founded their policies with reference to industrial monopoly and industrial freedom of opportunity upon a common political philosophy augurs well for the development of a Pan American international code of what shall constitute fairness in trade. Such a code, if sustained by the nations and peoples of the Western Hemisphere, might be interpreted and executed by a Pan American tribunal, and the united judgment of the Republics thus expressed would sustain and enforce its decrees by the weight of an enlightened and common public opinion. Thus

through the instrumentalities of trade and commerce would another step toward the elimination of war and the perpetuation of peace be effected. The seed for this hope may be found in the Pan American Union and the identity of aspiration and policy of the Republics of this hemisphere.

DOLLAR EXCHANGE AND DOLLAR DIPLOMACY.

No less in the financial developments arising from international relations is there promise of permanent connections through the establishment of dollar exchange. Dollar exchange differs from dollar diplomacy. The idea of dollar exchange contains no suggestion of diplomatic differences or conflict of interests which might engender distrust and strained relations between the governments involved. Dollar exchange gives no special governmental support to private interests. It rather has to do with the great multitude of citizens engaged in dealing with each other in different parts of this hemisphere and is designed to serve and aid them to their common benefit. Dollar exchange does not seek an advantage over a contested situation. It serves as a medium for the more facile exchange of commodities to the advantage of both parties thereto. It incurs no risk of imposition by a stronger state upon a weaker by reason of a mistake or a misuse of power. Commercial advantage for the benefit of all, not service to the advantage of the few, is the end and purpose of government participation in dollar exchange.

THE MISSION OF THE REPUBLICS OF THE AMERICAS.

In conclusion, will you permit me to say that the nations here represented are the exponents of a great ideal, one of the greatest ideals in the world; an ideal which has inspired every thinker, teacher, or benefactor of civilization; an ideal which has moved men and nations to splendid and noble deeds and accomplishments—the ideal of altruism. Republican self-government is the essence of altruistic conception. Democracy, the government for the common man, is the translation of the Sermon on the Mount into terms of national entity. And in the chaos of world ideals that has upset the course of civilization within the past year, it is the mission of the republics of the earth to place upon their thresholds and bind as frontlets upon their brows those fundamental principles on which the fathers founded these nations and by reason of which these nations have endured and brought blessings and peace to their citizens and to us.

We are of different races and tongues and creeds, but we have this heritage in common: Our ancestors all had the virtue and vigor of the pioneer. They sought betterment for themselves and their children. They came to a new country; they dreamed dreams, and

endured hardships for the sake of their dreams. They dedicated the best years of their manhood and all of their interests to create, serve, and perpetuate a government that should be dedicated to the common good of all men. This service they have rendered to their country and to us, their children. We therefore have in common the hopes and aspirations of our fathers. We have in common bequeathed to us those ideals which Bolivar, Rosas, and San Martin, and the founders of this government fought for, and on which our governments were founded. Our traditions, our purpose, our aspirations, all invite friendship, mutual trust, mutual helpfulness.

Our hope suggests a probable common part in contributing to civilization the practical realization of that ultimate service of government to society, which every teacher, prophet, seer, or saint has sought—the happiness of man. [Prolonged applause.]

Secretary McAdoo. It seems almost superfluous for me to introduce the next speaker, who is so well known to all of you. However, I take great pleasure in introducing the Honorable John Barrett.

**ADDRESS OF HON. JOHN BARRETT, DIRECTOR GENERAL OF THE
PAN AMERICAN UNION.**

MR. SECRETARY, DELEGATES FROM LATIN AMERICA, MEMBERS OF THE
CONFERENCE, AND LADIES :

I would not be responding to the sentiment that wells up in my heart if I did not say to you, Mr. Secretary, that every man in this country who has been interested in the growth of practical Pan Americanism feels like extending to you sincere congratulations for having called together this notable assemblage, and I think I indulge in no exaggeration when I say that by this act you have enrolled yourselves among the great Pan Americans. [Applause.]

As one who has attended many conferences, including some that have met in this building, I wish in passing also to compliment you on having such an efficient Pan American, such an interested Pan American, such an experienced Pan American, as your Secretary-General, Dr. Rowe. [Applause.]

And as I have watched these men working out the details for this Conference and have seen the difficulties they have had to meet I want also to say that much credit is due to the cooperation that these gentlemen have had from the Assistant Secretary of the Treasury, Mr. Peters, and from the Secretary-General's Assistant Secretaries, Mr. Sands, Mr. Miles, Mr. Gittings, and Mr. Parker. [Applause.] I think it is only fair to them to say this; and I am in a position to make this reference where some others might hesitate, because I know how hard they have worked to make the Conference succeed.

I think it is a most impressive thing—I say this particularly to the members of the Conference from the United States—one of the most impressive things that can possibly be in your minds in connection with the personnel of this Conference, namely, the class of men whom the governments of Latin America have sent to this Conference. [Applause.] Not to express any words of flattery, but simply to tell the truth, in the voice of one who has had to watch the history and the development of Latin America, I want to say that not one Government has sent other than its very first men to be participants in this Conference [applause], and you know what that means for the carrying out of the work of this gathering after it has adjourned and these various delegates have returned to their respective countries. I may say also to the delegates from Latin America that the men whom the Secretary of the Treasury has invited to meet you here are also the first men of our country in their respective occupations. [Applause.]

May I now prove to you that I am not indulging in superfluous phrases in citing just a few facts? The Pan American Union, if anything, ought to be a barometer of Pan American feeling in Latin America and in the United States; and as I speak of the Pan American Union, remember that I do not speak of it with any reference to the persons who are its officers or its staff, although I want to say it has a strong staff, which has always given me skilled assistance. But I speak more of it in the form of being the office of the governing board, which is made up of the ambassadors and ministers of the Latin-American countries and the Secretary of State of the United States. The Pan American Union's policies and acts are entirely in their charge, and they deserve the credit for what has been accomplished.

Now, please notice the following contrasts as proving to you that what I say about Pan America and Pan Americanism is no matter of imagination upon my part. Eight years ago, ladies and gentlemen, this organization owned not one penny of property and was housed in a little old house on Lafayette Square. To-day its building, this palace of commerce and comity, and its grounds, represent an investment of \$1,100,000. This building has been described by the greatest living French architect in an address which he delivered before the Sorbonne, in Paris, at a meeting presided over by President Poincare, following a trip this architect made around the world, as combining for its cost, beauty of architecture, and usefulness of purpose more than any other public building in the wide world. [Applause.]

Eight years ago a staff of only twenty-five persons took care of all the work that this organization carried on. To-day there is a staff of

seventy-five men and women, experts on every phase of international relationship. Eight years ago the total revenues of this organization were less than \$50,000 a year, with the majority of the countries in arrears. Now the total revenue is approximately \$145,000, with practically no country in arrears. Mind you, moreover, that I am speaking of this organization as being twenty twenty-firsts Latin American! I want the representatives of the United States to take that into consideration as showing the significance of Pan Americanism, for it should give you encouragement for the work which is ahead of you. In this building is the Columbus Memorial Library, which eight years ago had less than 10,000 volumes. Now it has over 35,000 volumes, and the most practical collection of Americana to be found in the Western Hemisphere. To use that library there were, eight years ago, only about 10,000 cards. Now there are 150,000 cards, covering every country and every subject relating to them. Then we had a collection of only 500 photographs. Now there are 15,000 to 16,000 photographs, showing every country and every city and every town and practically every section of the twenty countries which reach from the United States south to Argentina and Chile.

Eight years ago this office distributed less than 80,000 pieces of printed matter in a year. This year the distribution will pass the mark of 800,000! I ask you, men of the United States, is not that a most practical evidence of the interest of the people of the world in these countries lying south of us, for not one of those pamphlets and reports has been sent out except in response to particular requests. In those days the Monthly Bulletin of the Pan American Union, the organ of the progress and development of Latin America, had no demand. Its distribution was practically nil. Now some 15,000 copies are published each month, and it does not meet half the demand. It is published not alone in English, but in Spanish, in Portuguese, and in French. It is a magazine which the German Emperor once said he regarded as the most interesting and instructive official publication in the world.

I might go on and mention other facts like these, but I know this will interest the Latin American delegates: Eight years ago, when we investigated the universities and colleges of this country, we found only about nine or ten that had any regular courses in Spanish. Now, as a result largely of the efforts of this international organization, 233 universities, colleges, and higher educational institutions have regular courses in the Spanish language. [Applause.]

In the early part of 1907, in response to a circular letter which we sent out, we found only twenty-five high schools in the United States that gave any attention to the study of Spanish. Our recent record shows over 1,100 high schools in 1,100 different cities and towns of

the United States taking up the study of the Spanish language upon the recommendation of the Pan American Union. [Applause.]

In the year 1907 the members of the staff of the Pan American Union received twenty-one invitations from commercial organizations, chambers of commerce, and societies throughout the country, to discuss Latin America. Last year, the year 1914, 889 invitations were received, covering every State and Territory of the United States, and some seven or eight foreign countries. One of our statisticians, who is a very clever man and who watches things closely, informs me that in the month of April the newspapers of the United States gave more space to Latin America in one month than they did in the three years of 1907, 1908, and 1909. [Applause.] He also informs me that the magazines of the United States had more articles in January, February, and March on Latin America than in the five years from 1907 to 1912. Is there any better evidence of the growth of tangible Pan Americanism than that fact? A great book publisher told me the other day that more books relating to Latin America were published in 1914 than in the entire period from 1906 to 1910. These facts, I think, should be borne in mind, especially by the Latin-American delegates, that they may know the growth of interest in this part of the world regarding Latin America. And, correspondingly, I want to say that the number of inquiries which the Pan American Union received in the form of letters and telegrams from all over Latin America about the United States are 500 per cent greater than they were five years ago. That certainly shows a reciprocal attitude that is worth while.

In the matter of trade in these years the total commerce of Latin America—that is, of these twenty countries from Cuba and Mexico south to Argentina and Chile—has grown from \$1,800,000,000 to nearly \$3,000,000,000, a tremendous increase of over a billion dollars in that period.

And we find; if we take the commerce of the United States, that in that period the total value of the exchange of products between the United States and these twenty countries has increased from a little less than \$500,000,000 to more than \$800,000,000.

Our records show that during the last seven years over 3,000 men, firms, and companies have recorded themselves in this office as desiring information preparatory to doing business in Latin America, in contrast to less than 300 for the previous period of years before that.

Now, honor bright, delegates of Latin America, honor bright, you men of the United States, is not this record of the last few years, not alone of the Pan American Union, no, but this record of the growth of interest both in Latin America and in the United States, a

forceful reason for your believing that your efforts here are not by any means going to be in vain?

The position of this Pan American Financial Conference in Pan American history will be determined by its actual and practical results for Pan American commerce and comity. Let us, therefore, note some of the conditions surrounding its formation.

This gathering is the inevitable climax of a great present-day Pan American movement, which is the natural and logical evolution of world conditions of the hour. The whole Western Hemisphere is in sympathy with it, and the entire world is watching it.

Its results will not alone affect America but Europe and even Asia. It is not in any sense a movement antagonistic to the Old World, and yet the Old World is largely responsible for it.

If there is a silver lining to the war cloud, it is the development of Pan American solidarity. No great historical event, since the declaration of the Monroe Doctrine in 1823, has done more to awaken the governments and peoples of both North and South America to a true appreciation of their common interests. Never before have the press and people of each and all of the American nations said so many sympathetic and kind things of each other as they are now doing.

The measure of the success of this Conference will be the actual good it accomplishes for every Republic participating. Practical Pan Americanism should be its chief characteristic. Everybody is, therefore, desirous that it should initiate undertakings and propositions that can and will be consummated.

The Conference is marked by enthusiasm and hard work, but the real, absolute, and lasting test of its value will come in a year's time. What will have been positively achieved in May, 1916, as a direct result of this gathering will determine its position in the history of Pan American conferences.

It is hoped, therefore, that the delegates, members, and friends of this Conference will not forget that this is only one of a remarkable chain of Pan American gatherings which have assembled in different capitals of the Western Hemisphere during the last twenty-five years. It would be unfortunate to overlook these other meetings in which all of the American governments participated with particular interest and attention. It would be uncomplimentary to Latin America if we were to look upon this present Conference as a new departure.

We should not, in our earnestness of this hour, forget to give credit to the nations and men who inspired and participated in the First Pan American Conference, which met in Washington during the

winter of 1889-90; the Second Pan American Conference, which met at Mexico City during December and January of 1901-2; the Third Pan American Conference, which was in session at Rio de Janeiro, Brazil, through July, 1906; the Fourth Pan American Conference, which met at Buenos Aires during July and August, 1910; and also the Fifth Pan American Conference, which was to have met at Santiago, the capital of Chile, in December, 1914, and for which the Chilean Government had made elaborate preparations but which was postponed on account of the war.

At all of these conferences, as the records clearly show, many of the principal questions of this present Conference—especially problems of commerce and transportation—were minutely discussed and followed by the adoption of excellent resolutions. That practical results did not follow was not due to any lack of interest and action on the part of these conferences and the delegates themselves, but to the lack of interest and action on the part of some of the governments after the conferences had adjourned.

In this connection, moreover, let us not forget that this is not even the first Pan American Financial Conference, for, on January 7, 1891, there assembled in Washington the International American Monetary Conference, which adjourned only after nearly four months' labor and study of the problems before it. There were also held the great Pan American Customs Conference and the Pan American Coffee Conference, which were in session for a considerable period in New York City in October, 1902, and January, 1903, respectively.

At all these notable gatherings most important action in the form of resolutions was taken, but there the active interest ended. In the case of all of them there were widespread interest, splendid speeches, large attendance, and decided optimism, but when they adjourned there seemed to set in a tide of other interests or inaction which were fatal to great practical results.

It would seem, therefore, to be proper for the members of this Conference—especially those who come from the United States and those to whom it is a new idea and to whom it appeals as a new opportunity—to remember, with thought of those who have labored in the field before them, that it is only one in a long succession of great Pan American gatherings and that, if it is to be different from the others in the matter of actual achievement, they must keep up their work and interest after the Conference adjourns and not cease their endeavors until there has been practical confirmation of the undertakings which they initiate in the form of resolutions and recommendations.

For this Conference to exercise the mighty influence hoped for by its friends it must be supported not merely by the superficial and passing interest of the governments and peoples of the Western Hemisphere, but by their deep and abiding interest and cooperation, supported by public sentiment.

Let us hope, therefore, that this Conference may mark the beginning of a far-reaching Pan American movement among all the Republics of the Western Hemisphere, from the United States on the north to Argentina and Chile on the south.

Let us hope that it may awaken the commercial, the civic and social societies, the universities and colleges, the rank and file of business men, and in general the people of every Republic to a realization of the meaning of Pan American solidarity and of the common interests, purposes, and hopes of the Republics and peoples of the New World.

If such an attitude of Pan American thought shall be the result of this Conference, its calling will be justified and applauded everywhere throughout the Western Hemisphere. [Prolonged applause.]

ANNOUNCEMENTS OF GENERAL COMMITTEE MEETINGS.

The Secretary-General, Dr. ROWE: I should like to make one or two announcements with respect to the program. In the first place, I wish to inform the delegates and members of the Conference that their families are cordially invited to participate in the excursion this afternoon, and that it will be a very great help to the members of the party if they are here at 3 o'clock, in order that they may not be too long delayed in getting to the Navy Yard.

Several delegates have requested me to inform the delegates from Central and South America to meet here for an informal conference immediately after the morning session to arrange for a subsequent meeting. I should also like to ask when the next meeting of the Committee on Transportation is to be held, if any member of that committee is present and can inform me?

Mr. J. G. WHITE. At 9 o'clock to-morrow morning at the Shoreham Hotel, in the same room where the first meeting was held.

The Secretary-General, Dr. ROWE. And the Committee on Uniformity of Laws—has the time been fixed?

Mr. J. G. WHITE. Yes, sir; at 9 o'clock.

Secretary McADOO. At 9 o'clock to-morrow there will be another meeting of the Committee on Transportation, and also a meeting of the Committee on Uniformity of Laws.

COMMITTEE ASSIGNMENTS.

Gentlemen, there are a few representatives of this country who were not here when the committee assignments were made, and I will now assign them, as follows:

Hon. John Hays Hammond, of New York, is assigned to the Committee on Uniformity of Laws; Hon. Robert W. Woolley, Director of the Mint, to the same committee; Mr. S. M. Hastings, of Chicago, to the Bolivian Committee; and Mr. E. T. Meredith, of Des Moines, Iowa, to the Colombian Committee.

I see the Secretary of State is in the room, and I should be very happy if he would come and sit on the platform. We would like to have him very much. [Applause.] I would be glad also if the members of the Federal Reserve Board who are in the audience and members of the Federal Trade Commission will likewise come to the platform. [Applause.]

MISCELLANEOUS BUSINESS.

The names of five gentlemen who desire to say something to the Conference have been sent to the desk, and the first of those is one of our visiting delegates. We put no limitation of time upon his remarks. We desire delegates to have all the time they wish, but after the conclusion of their remarks the remainder of the time will be divided among the four representatives of the United States who desire to speak, and I will announce the apportionment as soon as I am able to do so.

I shall now ask the Honorable José E. Suay, of Salvador, if he will please take the platform. [Applause.]

Dr. SUAY (Salvador):

After hearing all the wise observations and eloquent discourses of the distinguished delegates from the various countries, particularly that of Dr. Perez Triana, because it contains the highest ideas of pure Americanism, we should endeavor to extract from them the practical part and reach practical conclusions and immediate realization in the short time that remains.

For this reason we beg to submit the following suggestions:

Not being able to modify the work of several generations in a few days, it is our duty to commence the work and establish the primary bases, and for this reason we must examine the most urgent necessities.

What is the principal object of this conference? The commercial expansion of the United States in Latin America, taking advantage of the situation created by the European war. All the rest is subsidiary.

From the standpoint of the Latin countries the corollary of that premise should be: Given the situation created by the European war, and the mutual necessity of extending American commerce in the Latin Republics of the continent, to request of American finance the necessary elements for the development of our natural resources and of our national commerce; that is to say, to establish banks with American capital and by means of them to create larger and longer credits. Without banks the work would be deficient and would not give the desired results.

Let us examine the immediate and practical means of extending American commerce in our Republics.

In order to create or extend commerce, the essentials are—

1. *Markets.*—We can furnish those in a territory of more than 8,000,000 square miles, populated by more than 80,000,000 inhabitants, with customers from the Indian, who clothes himself with a shawl, to the rich man, who dresses as they dress in New York and uses an automobile.

2. Good and cheap merchandise suitable to the customers. These are problems of manufacturing technique and internal commercial organization which must be settled by the merchant and the American manufacturer and in which the conference can not intervene.

In regard to this, permit me to submit to the consideration of the conference the idea of recommending to the United States Government, through the honorable Secretary of the Treasury, that it send several commissions composed of merchants, brokers, manufacturers, and North American bankers to the different Central and South American countries, in order that they may study the different markets from a commercial and economic point of view.

It is certain that our governments will receive them with enthusiasm, endeavoring in a slight degree to reciprocate such a cordial reception and so many attentions that have been received by us from the Government, the authorities, and American people, since we first stepped upon the soil of this great and free country.

3. Rapid, sure, and cheap transportation of select merchandise and natural products.

4. Credit and favorable conditions in regard to payment.

In our humble opinion the third and fourth points are those which it is expedient that the conference study and resolve.

In regard to the third point, or that which refers to the means of transportation, there must be found elements for establishing new lines or improving the existing ones, so that there may be lines which are speedy and with fixed sailing dates:

- (a) Between San Francisco and the extreme end of South America on the Pacific.

(b) Between San Francisco and New York by way of the canal.

(c) Between San Francisco and the extreme end of South America on the Atlantic.

(d) Auxiliary lines to complete and aid the principal lines, as that from New York to Colon and from San Francisco to Panama, etc.

All these lines should serve the intermediate ports, having at least one port in each country, and a direct or semidirect monthly service with the terminal ports to the north and south.

The conference should recommend to all the interested Governments:

1. Absolute exemption of all port dues, tonnage dues, lighthouse dues, etc., including the tolls through the Panama Canal.

2. Subsidies in favor of the steamship lines.

In the budget of the Republic of Salvador there is a sum destined to this end, which could be increased if necessary.

In regard to the fourth point, or that which refers to credit, it is essential that the conference study the means of establishing banks with sufficient American capital in each country. There are two all-important reasons which we shall outline "sine qua non": First, because in order to be able to give credit with the idea of facilitating commercial operations the American merchants and manufacturers need local agents who are in touch with the commercial standing of their customers; second, because in order to have good customers and to extend business it is important that each country be able to develop its natural resources and prosper. Latin America, like every new country, needs large amounts of capital which would insure its prosperity and transform it into a more productive customer, commercially and economically speaking. Thus the establishment of American banks is to the interest of both parties, for without them everything that may be done to the end of extending American commerce in our countries will not give the complete result which we all desire.

In the memorandum which we had the honor to present to the secretary general on Monday last we spoke of other points, which are interesting but not essential, such as the adoption of the metric system in weights and measures as a uniform system for all the countries represented in this conference, the establishment of a uniform postal rate, etc.

Our memorandum also moves for the adoption of the American monetary standard, with American money as a uniform currency for all America. As this point is also of great importance, if it is thought worthy of study, its adoption would be a great step in the way of drawing the nations of the new world closer together.

We conclude especially requesting the Hon. William McAdoo, Secretary of the Treasury, to use his valuable influence for the realization of the two principal points, viz, the establishment of new steamship lines and American banks in Central and South America. These two elements will be the essential factors in the extension of American commerce, and thus the brilliant success of this conference will be the best reward for the efforts of the Secretary of the Treasury.

Secretary McAdoo. This Memorandum will be printed in English and distributed to the delegates as soon as possible. I should have the translation read now except that time is getting rather short.

The Honorable Santiago Pérez Triana, of Colombia, desires to say a few words. [Applause.]

Dr. PÉREZ TRIANA (Colombia). Mr. Secretary and gentlemen, certain printed rumors have reached me that make it imperative for me to address you, but I shall not take more than thirty-three seconds and a half, I think. [Laughter.]

In my remarks on the 25th I adhered strictly to general principles, and I distinctly said that in cases of error redress should take place whenever possible, but that whenever the development of history should have made redress impossible, then no hatred or rancor should exist, for it is both barren and pernicious; and hatred as a cult makes nations or individuals unfit for justice and incapable of greatness. [Applause.]

Secretary McAdoo. I have pleasure in introducing Mr. E. J. Fisher, of New York.

Mr. E. J. FISHER (New York):

MR. SECRETARY, LADIES, AND GENTLEMEN.—In making a brief suggestion to the Conference, it is not my desire to invite discussion, but that it be referred to the proper general committee.

I have summarized what seems to me to be a thing in some respects needed by the Conference. It is a plan for the organization of a Pan American Finance Commission. It is somewhat mechanical, if you will bear with me.

The Pan American Finance Commission shall consist of seven members of recognized experience in banking or finance, who shall be appointed and subject to removal by the Board of Directors of the Pan American Union, and whose duty in general shall be to advise and assist in the solution of the fiscal and monetary problems of the various nations of the Pan American Union. Each member shall serve for ten years, unless removed for cause to be stated in a communication sent to the President of the country of which he is a citi-

zen. His successor shall be appointed in the manner herein provided and shall serve the balance of the term. The Commission shall ordinarily sit and have its headquarters in the building of the Pan American Union in Washington, but may give hearings and conduct investigations in such cities of North and South America as may be necessary in the conduct and development of its work.

The Board of Directors of the Pan American Union, after consultation with the Federal Reserve Board of the United States, shall outline a tentative budget of annual expenses of the Commission, including provision for such salaries for its members as will command men of the class herein provided, compensation for the members of an expert staff, and for necessary traveling and office expenses. Each member of the Union assenting to the general plan shall agree to share in the aggregate annual expenses in such proportion and in such manner as it now shares expenses for the maintenance of the Pan American Union. The plan shall be effective and binding upon each assenting member for the period of ten years following the formal organization of the Commission.

The Commission shall be organized upon the call of the Director General of the Pan American Union. The Commission shall formulate its own by-laws and shall elect from its own membership a president and treasurer. Its accounts shall be audited at least annually in such manner as may be provided by the Board of Directors of the Pan American Union.

The specific duties of the Commission shall be as follows:

(1) To advise and assist in the fiscal development of the various countries of the Pan American Union, securing data necessary and making suggestions in relation to the stabilization of national credit, particularly the payment or readjustment of currency debt.

(2) To provide to the extent that may be found practicable a standard plan for the development of banking and monetary systems for the various countries in the Pan American Union and the establishment of a uniform currency. Such currency shall be developed by and follow the requirements of trade. Such currency shall be supported by a gold reserve, or an equivalent available credit, in conjunction with a subsidiary coinage based upon an appropriate relation to the requirements of the people.

(3) The Commission shall particularly devote itself to investigating and collecting information which would justify individuals, corporations, or syndicates in granting loans from time to time for the purpose of making effective the plan herein provided as well as for other purposes.

The plan for the establishment of the Pan American Finance Commission shall be submitted to the several countries by the Board

of Directors of the Pan American Union, and shall be effective and binding upon each member for the period of ten years after the organization of the Commission upon the assent and subscription to the plan by at least fifteen members.

NOTE.—Even if a member of the Pan American Union, such as the United States, may be regarded as having fiscal, monetary, and banking stability, yet its interest in the development of similar principles among sister nations would justify it in bearing its proportionate share of the annual expenses of the Commission.

Growth of domestic commerce in each country is vitally important to the growth and development of its foreign trade. Nothing will more successfully promote such a development than a sound internal banking and currency system. No country can be said to have such a system where there are constant fluctuations in the value of its medium of exchange. [Applause.]

Secretary McADOO. Gentlemen, there are three others who wish to be heard, and there are 50 minutes left. I shall apportion the time equally between them, giving about fifteen minutes each. I will first ask Mr. Charles A. Conant to address the Conference.

MR. CHARLES A. CONANT (of New York):

MR. CHAIRMAN AND MEMBERS OF THE CONFERENCE.—I desire to say only a few words in behalf of the important principle of continuity in the work of this Conference.

One of your leading speakers this morning has pointed out that there has been a long procession of Pan American conferences, some of general character, and some of specific character, but that the work has been more or less abortive, or delayed in its fulfillment, by reason of the fact that there is no moving power to press the adoption and completion of its labors upon the several countries and interests represented. I was therefore greatly gratified in the opening presentment by the Secretary of the Treasury of the motives and purposes of this gathering to learn that it is proposed to create a joint high commission of permanent character to pursue the work laid out here. [Applause.] That I believe to be the keynote of the success of this Conference—that there shall be a body which shall be charged not only with the function of completing the work which has been begun here in the way of international laws, international agreements, and financial projects, but that it shall also have some authority to bring these subjects constantly to the attention of the different Governments and great financial interests involved, in order that the results, instead of disappearing with the adjournment of this Conference, shall go on as a steadily developing force.

Personally I was much gratified also to learn that there would probably be referred to the committee charged with this subject the matter of uniformity of commercial laws. That is a subject not of spectacular character, but one which contributes greatly to smoothing away the obstacles to international commercial intercourse, and I will be pardoned perhaps for saying a word or two upon the progress already made in one or two branches of uniformity in commercial law, because I was myself the sole technical delegate of the United States at a conference held at The Hague on that subject—the subject of the international law of bills of exchange and checks.

The first conference, held in the year 1910, was attended by representatives of practically all the powers of the world, including most of the powers represented here. I expected to find among the delegates from the Latin American countries a few of my associates at The Hague, but so far as I have observed, although several were originally named, none of them are here at the present time. But the second conference, in 1912, agreed upon a definite form of international law governing the employment of bills of exchange. The United States and Great Britain alone did not sign the protocol of uniform law because of fundamental differences between the Anglo-Saxon system, based upon the common law, and the proposed uniform law based, in part, upon the civil law descended from the Code of Justinian. The United States and Great Britain, however, in taking that attitude did not by any means imply the slightest hostility to the adoption of the uniform law by other powers, and had this been done before the European war there would have been in force but two great systems of law governing bills of exchange—what we may call the Anglo-Saxon system and the system of the uniform law. Had that law been in force to a considerable extent the difficulties caused at the outbreak of the European war would have been mitigated.

I do not say, of course, that the uncertainty which occurred in regard to financial operations would have been entirely removed. But that uniform law dealt with the very question of the moratorium, which has excited so much attention all over Latin America, as well as in Europe and in this country. It provided that for thirty days the right of the holder of a bill should be suspended without impairing his claims against the indorsers, and at the end of thirty days some other steps should be taken, until finally the entire question of settlement of bills should be adjusted in an orderly, simple, and legal manner. Unfortunately, very few, if any, of the powers had ratified the action of their delegates at The Hague in the adoption of this law, so that we were unable to test its efficacy as we could have done had the conference been held a few years earlier and the uniform law

of bills been generally recognized and in force among the nations of the world.

But I sincerely hope and believe it will prove to be the case that the standing committee on this subject will take up that subject and will examine the uniform draft adopted at The Hague and will endeavor to bring about complete harmony of action, so far as possible, between the powers of the Western Hemisphere. If the United States finds itself unable to accept in full the terms of the uniform law, it will still be true that we shall reduce to two systems instead of twenty the laws now governing the bill of exchange on the American Continents. More than that, it was freely admitted at that conference at The Hague by the French delegates themselves and other important countries that the Anglo-Saxon system was in many respects the simpler and better and that they would gladly adopt it, but they could not under their system of law come all the way at the beginning. So that if the United States should fail to agree to a draft which was acceptable to Latin countries, it would by no means imply a lack of harmony in carrying out the principles of uniformity, but only that we were working by gradual approaches that the differences between the common law and the civil law could be smoothed away.

Practically all that I have said regarding bills of exchange applies to uniform law of checks, except that at the Second Hague Conference only a preliminary draft of the law of checks was prepared for submission to the powers, and the final protocol was postponed to a future conference, which we may devoutly hope will be held soon after the rise of the dove of peace above the disturbed countries of Europe. But there is no reason why we should not proceed to adopt a uniform law of checks to meet our own requirements without waiting for the countries at war to become parties to it.

The same principle would apply to a law of warehouse receipts—giving a more highly negotiable character to the warehouse receipt and throwing about it the proper safeguard to insure its negotiability and marketability; and so on with respect to similar topics, which I believe are under careful consideration by the committee which it was the happy thought of your presiding officer to appoint to carry out the work of this convention.

In respect to the monetary reform, with which I have perhaps a peculiar association and interest, I believe that this committee should not ignore that subject. It is a subject, however, requiring care, delicacy, and tact in its consideration. I am not myself a believer in the early adoption of a uniform monetary system or uniform coinage. Uniformity in standard, of course, is highly desirable, but uniformity of unit can not be obtained without very careful consideration of the question of standard of wages and prices in each

country. Where a unit in a country is an easy multiple of that of the United States, some progress may be made toward better and closer adaptation of the unit of other countries to that of the United States. Already, as we know, two countries have adopted the American unit—Nicaragua, by her law of March 20, 1912, and Cuba by the law of economic defense of the 29th of October of last year. But it so happened that they were in a situation in the one case where a new unit was an easy multiple of the depreciated exchange unit, and in the other case where the gradual improvement in exchange had made the currency already in use practically correspond to the American dollar.

I believe that the subject should be carefully studied, and that it should be studied with reference—and with careful reference—to the national feeling and the national economic interests of all of the countries involved, and not with the attempt to run into a single groove or to impose a rigid mode of system of exchange, which may not be adapted to our American unit.

To that end I have proposed a scheme, not very ambitious, but merely to bring the subject before the permanent committee, and I will read it. I go too far in referring to it as a scheme; I mean I have prepared a suggestion to this effect:

That the permanent committee on uniform laws be authorized to study the best means of facilitating remittances of money and of credit instruments between American countries, and such approach to stability or uniformity as may be practicable in their monetary systems, with due regard to their national economic interests, and to this end said committee is authorized in its discretion to appoint subcommittees, employ experts, and make recommendations to the various countries represented.

I will simply ask that that be referred to the general committee on that subject without any recommendation, simply for such consideration as they may see fit to give it.

One other suggestion was made here which impressed me very favorably, and that was the creating of an international tribunal to deal with the question of uniform laws. If we are to have a uniform law of bills of exchange or a uniform law of checks and a uniform law of warehouse receipts, and so on, with other commercial subjects, then it is of the very highest importance that that law should be uniformly interpreted. Otherwise it will soon cease to be uniform by reason of the diverse interpretation of the tribunals of different countries. That means a problem involving time and deliberation, because, as it developed at The Hague, when the subject was broached there, it was not within the constitutional power of some governments under their present governing systems to waive the declaration that the decisions of their supreme court are the supreme law of the land. But I consider that in this case for a court or the supreme

tribunal to decide purely economic differences to be a technical difficulty and not a moral or practical difficulty. In other words, if it develops that an international tribunal is the best means of securing uniformity of commercial law and practice to the Western Hemisphere, then I believe these countries will be willing, by constitutional amendment or otherwise, to meet the requirements of the situation. At the Hague Conference, with respect to bills of exchange, a very similar proposition was made by a German delegate—a man of great ability and breadth of view—that the conference should express the wish to their several governments that they take under consideration the subject of an international tribunal to decide these questions of commercial law; and, mind you, this proposition is very different and not much more concrete, and I may say more practicable, and involves many less difficulties, than those proposals which have been made for an international tribunal to deal with political or diplomatic questions. There can be no political or diplomatic objection to the determination of private differences—differences almost exclusively private and not political and diplomatic—as to the meaning of certain provisions regarding bills of exchange or as to questions arising under them. Therefore, while the objective is probably at the end of a long road of deliberation, consideration, and comparison of views, I believe the time will come when it will be practicable to establish an international tribunal which shall reconcile all of these purely technical business questions between the citizens of the Western Hemisphere, and, let us hope, eventually between the citizens of the world. [Applause.]

Secretary McADOO. I shall now call upon Mr. Herbert R. Eldridge, of New York, to whom I have allotted fifteen minutes. Mr. Eldridge is vice president of the National City Bank. When he has finished I shall call upon Mr. J. J. Arnold, of Chicago, to whom I shall allot a similar amount of time.

MR. H. R. ELDRIDGE (of New York) :

MR. SECRETARY, LADIES, AND GENTLEMEN.—It has been only in recent years that the United States has gained recognition as a large exporter of manufactured products. Since the close of the Civil War the energies of our people have been devoted largely to the development of our own country, and one has only to travel the length and breadth of the land to see to what good purpose those energies have been directed. Such export trade as we possessed was, until recently, the result of the sale of our surplus raw material and food products and such manufactured articles as the skill and ingenuity of our people permitted us to produce to better advantage than others. During the past fifteen years the attention of our business men has been called

to the gradually changing economic position of our country, which demonstrated clearly that an increasingly larger proportion of our food products was being consumed by our growing population and that our own demand for manufactured goods was causing more and more attention to be paid to that line of endeavor, thus bringing about a more rapid growth of the cities and a consequent further drain on our heretofore large surplus of food products. With characteristic energy, our people have devoted more and more attention to manufacturing and have been able not only, in large measure, to meet the increased home demand, but to more than offset the diminishing exportable supply of foodstuffs by the sale of certain manufactured articles which we can produce advantageously and which have found favor abroad.

It has, however, gradually become plain that if we are to take our proper position among the manufacturing nations of the world we must devote a fuller measure of thought to the development of the machinery so necessary to secure in the markets of the world our proper proportion of that business. To the casual mind such an ambition might seem easy of accomplishment, but a careful study of the fundamental principles of foreign trade puts before us clearly the difficulties in the way. We find ourselves in active competition with many great nations which have devoted years of study to the subject and whose success has only been attained by the active cooperation of their Governments, manufacturers, business men, investors, and financiers. We observe that those nations have encouraged the building and operation of mercantile marines, have given official sanction to proper combinations of manufacturers for the promotion of the economical sale of their goods abroad, have looked with favor upon the establishment of banks in foreign countries, and have supported and encouraged investments on the part of their citizens in foreign securities, as well as their participation in enterprises tending to promote the economic growth and trade development of other countries.

An increase of trade between two countries naturally brings about a mutually better understanding of the resources and abilities of each. It is proper, and it invariably follows, that with the growth of such trade the desire becomes reciprocal to buy the one from the other when it can properly be done, and especially so if resultant balances are often adjusted by the purchase of securities rather than the shipment of gold. If a country is in the enjoyment of active business relations with another it would be shortsighted indeed should it fail to extend to such a desirable customer every legitimate opportunity to increase its purchasing capacity, and this can best be done by aiding and stimulating its industries and participating in

the development of its natural resources. Such projects, when chosen with good judgment, usually prove successful, and the securities based thereon become well known and enjoy high standing among investors. Until last year the manufacturing export trade of the United States had not reached the proportions that made it necessary for her citizens to give serious thought to this phase of foreign trade, but since the outbreak of the deplorable war now raging in Europe it has become more and more apparent that if we are to dispose of a large volume of our products to foreign countries we must show a willingness to take in part payment therefor some portion of such securities as in our judgment constitute safe investments. The reason for this is not difficult to explain, because so long as the balance of trade runs heavily against the purchasing country it makes the sale of securities or the shipment of gold necessary, and if gold be insisted upon the purchasing power of the customer is seriously impaired. It is interesting to note that since the outbreak of the war and the accumulation of a large trade balance in our favor, consequent to our increasing volume of exports, we have not only repurchased from Europe millions of American securities formerly held by her banks and investors, but have bought some of her newly issued securities. History shows that nations exporting manufactured goods in large volume become large investors, and there is good reason to believe that as the manufacturing export trade of the United States increases and closer attention is paid to the needs of foreign markets the attitude of our bankers and the investing public will become favorable to such sound securities as may from time to time be offered.

One of the prime essentials to the wise development of foreign trade is the proper provision for the economical, efficacious and prompt interchange of all credit transactions between countries trading with one another. The bill of exchange is and has been for years the medium through which all commercial transactions between nations have been handled. The evolution of the bill of exchange to its present essential place among trade documents is most interesting, and did time permit it would be well worth while to trace its development and the many uses to which it is put. Suffice it to say that the establishment of banks in all the principal trading centers of the world has given to the bill of exchange a market commanding most favorable rates of discount. Great Britain, France, and Germany long ago learned the value of banks in foreign trading centers favorably disposed to their bills, and in nearly every quarter of the globe are to be found such institutions dominated by influences favorable to them. Especially is this true of Great Britain, the first great nation to realize the value of foreign trade, whose wise development of the

bill of exchange gave to London its predominant position as a money center and made it the clearing house for the trade of the world. Italy, Spain, Holland, Switzerland, Belgium, and other European nations have their banks and agencies abroad, thus giving to all those countries assurances that bills drawn on their banks and merchants will be given due honor, not to speak of the inestimable value of these branches in enhancing the ability of exporters to do business abroad by giving them full knowledge of fundamental and general conditions prevailing in trade centers and credit advice. It is quite clear that if the dollar bill of exchange, in which we in the United States are so interested, is to take its proper place among the trade instruments of the world, facilities must be provided for its prompt and satisfactory negotiation wherever its circulation is of importance to our trade.

We can not expect the dollar bill of exchange to be handled on as favorable bases as those of our competitors so long as the business must be transacted through banks controlled by competitive agencies. Until recently practically all the purchases made by American importers from Central and South American countries were through the medium of bills of exchange drawn on London and practically all settlements made for the exports of our manufacturers to the importers of Central and South America were paid for by means of sight and time drafts drawn on London. There are few portions of the entire world where the British banker is not represented, either by branch banks or banks organized under British influence. London has, through the perfection of its discount market and a marvelous banking system, created a tremendous banking power and an ideal credit system.

By reason of its commanding position as the clearing center of the trade of the world it became of first importance that the banks of other countries handling bills created by foreign commerce and trade and granting credits against which bills were drawn payable in London should place themselves in close touch with that market by means of accounts opened and balances maintained with existing banks or establishing agencies in London. So long as the greater portion of the trade settlements of the world are consummated through the medium of sterling bills it is inevitable that the demand for such bills will never fail and that the rates at which they are taken on the London discount market will be the controlling factors in regulating the rates at which all bills drawn in sterling or otherwise are taken. London's position as the clearing-house center of the trade of the world made it the market on which has been floated the bills of exchange representing the trade of the world, thus giving it a preponderating advantage and enabling it by means of the simple process of raising or lowering its discount rate to direct the move-

ment of gold and credit toward or from that market, thus inviting and invariably receiving any assistance or support needed when the volume of bills offered for discount assumed proportions threatening gold exports to the extent of unduly lowering its reserves or discouraging the employment of foreign funds or credits on its market when its own supply was sufficient to care for the demand.

Again, the liberal investments made by the English people in the securities of other countries has created a still further demand for London exchange to settle interest and principal obligations. A bill drawn on a London firm or bank of high standing is always discountable in every market at the lowest prevailing rates, and naturally a bill drawn on London has come to be regarded as the most desirable form of bill in existence. The result has been that the market quotation for the London bill has been made as fine as it well could be and the bill has commanded a premium over that drawn on any other center. In fact, until the recent outbreak of hostilities the rates for bills on all other countries were invariably governed by the quotations for sterling. It is small wonder, then, that when war was declared and the delicate machinery of the market where the trade settlements of the world were effected was suddenly thrown out of commission consternation should have been felt and chaos should have reigned for a time in every center. The result could not have been other than it was. We had made the mistake of placing too much dependence on one center.

Before any facilities were offered for the purchase of bills drawn on the United States in Central and South America such bills were subject to a discount from the London rate of from 1 per cent to 2 per cent, and sometimes even more, for the reason that we did not have the facilities for the prompt sale of such bills on a discount market in this country, nor was the need of creating or of maintaining balances in this country apparent to bankers abroad. Our laws formerly did not permit national banks to accept drafts, whether drawn against the shipments of goods from one country to the other or otherwise. With few exceptions, State banks were prohibited from making such acceptances. The result was that only bills drawn on firms were offered, and the high rate that the negotiators were compelled to pay in order to effect their sale made it far more economical and desirable for the importer to arrange either directly or through his banker for the opening of a credit with some responsible London bank or acceptance house. As a consequence, practically all the business created by the large importations of this country was handled through the medium of bills drawn on and financed in London. The dollar bill of exchange was virtually unknown.

The tribute thus paid to our banking friends abroad in the establishment of credits of this nature and the financing of the bills of

exchange drawn thereunder has been an absolute loss to us and a source of great profit to them. So long as our banking laws remained as they were it was impossible for our bankers to afford the relief they should or establish the facilities necessary to bring about a change. Until the passage of the Federal Reserve Act the laws governing banking throughout the United States did not give to the country the ability to extend credit that our resources and banking strength warranted. The Federal Reserve Act marked the greatest step forward ever made in the financial progress of the United States, and will result in vastly increasing the importance of our country as a world money center. One of the prime necessities in the creation of an important money center is an established discount market, a market wherein may be sold at the lowest rate all bills drawn and accepted by houses and banks of high credit standing.

The Federal Reserve Act permitted member banks to accept to the extent of 50 per cent of their capital and unimpaired surplus all bills involving the importation and exportation of goods. A subsequent amendment permits an additional 50 per cent, subject to the approval of the Federal Reserve Board. To-day in our various money centers all such bills accepted by responsible banking houses and firms command a rate heretofore unknown, for the reason that they constitute the highest and most desirable form of credit offered in the shape of short-term obligations and are eagerly sought by bankers and investors desiring temporary and liquid investments. Such bills can be bought or sold at will, and while practically all of them are carried by their purchasers until maturity, they are carried with the comfortable feeling that under any conditions that may arise they are either through the medium of our discount market or by rediscounting with a Federal reserve bank instantly convertible into money or bank credits.

There has already sprung up in our country a very good market for acceptances of this nature, but the volume offered is not of the magnitude it should be, nor does it make the market as elastic as desired. Indeed, were we able to attract the bills drawn against all our imports the volume would not be sufficient to establish a market of the breadth and magnitude we are amply able to support. We may therefore feel that we can, in safety and with the assurance of a good market, look forward to the financing of certain portions of our export trade, and even to the creation of dollar acceptances to finance trade between other countries than our own. Experience will no doubt teach us that the acceptance privilege accorded member banks, and its use indulged in by duly authorized State banks, as well as private bankers, strong acceptance houses, and importers of high credit standing will prove a distinct benefit in the furtherance of foreign trade and permit us to be of great assistance in the develop-

ment of the natural resources of those countries which may honor us with a liberal proportion of their trade.

It is highly desirable that the dollar bill of exchange should be given every possible opportunity to enjoy the standing which it ought to have, and the best way for this to be accomplished is to provide facilities abroad for the prompt negotiation of all bills drawn upon substantial United States banks and importing houses.

It is obvious that if against credits opened in this country facilities are provided whereby a foreign exporter is enabled, in the money center of his own country, to negotiate bills drawn against the United States banks and houses on a basis equally as favorable as he could negotiate bills of exchange drawn on London or any other money center, it will be agreeable to him to handle his transactions with the merchants of this country in that manner, and thus we can attract to the United States all such bills of exchange and give to our bankers the opportunity to finance this immense volume of highly desirable business, instead of permitting it to go to bankers abroad as heretofore.

Under the provisions of the Federal Reserve Act member banks having a capital and surplus of \$1,000,000 or more are permitted to establish branches abroad, and if advantage is taken of this privilege it is manifest that in the course of time our bankers will be able to provide markets at the point of origin for practically all dollar bills of exchange that may be drawn, and likewise afford our foreign customers every facility for the handling of their purchases from us. Branches so established will be in position to purchase bills drawn in dollars on the proper basis and give to such bills the respect to which they are entitled and, by encouraging their use, greatly stimulate the business of this country with our foreign friends. Branch banking is a new field to the commercial bankers of the United States, and for a time must go through what may be termed an experimental stage. To achieve the best results and promote the rapid expansion of our foreign trade the establishment of branch banks abroad should be done more with an eye to the advantages accruing to trade than to profits for the branches, for to do the work effectively and well such branches for a few years to come must assume, at considerable expense to themselves, the rôles of information bureaus as well as banks, and not only must they be prepared to assist the exporters of the United States in every way possible, but they must be able competently to advise the exporters of the countries in which they are located, of possible markets in the United States. They must be equipped and have the disposition to advise reciprocally in the matter of trade opportunities and credits and be imbued with a sincere desire to serve the interests of the country in which they are located, so far as lies within their power. They should

advise the home office of such openings as may occur for the profitable investment of funds in enterprises of merit, in order that the information may be disseminated to all who are interested, and should report all anticipated public issues of securities. Our people have for so many years found the natural resources and rapid development of this country afforded such desirable opportunities for investment that little attention has been paid to foreign securities. It is now believed, however, that a better understanding not only of their desirability but the wisdom of making such investments will become increasingly apparent. In furtherance of this, branch banks will surely prove most beneficial.

There is good reason to believe that by virtue of the establishment of an effective and intelligent branch banking system in many foreign countries and a broad discount market at home we will be able to attract a much larger share of the world's banking business than many would have thought possible.

In order that our present financial position as compared with former years may be better understood it is proper to say that for many years the bankers of our country were unable, by reason of the legal restrictions surrounding them, to extend to the business interests and the country at large the banking facilities to which they were entitled. Notwithstanding our national wealth and stock of gold exceeded that of any nation of earth, we more than once found ourselves sadly embarrassed to care for our needs and forced to lean upon the more highly developed systems of banking abroad. It would be difficult indeed to calculate in dollars and cents the losses occasioned by the recurring panics to which we were subject or to compute the years we have lost in our march of progress. The bankers of the United States were more than pleased with the passage of the Federal Reserve Act, which went into effect in November 1914. They are keenly alive to the far more favorable position they now occupy to be of assistance in developing not only the resources of our own country but in lending a helping hand wherever they properly can to the commerce of the world. Even yet many of them do not fully appreciate the extent to which their power to serve the public has been augmented nor the full measure of the benefit arising from their ability to present a solid front to adversity. The Federal Reserve Act does not, perhaps, go as far as it should in the perfection of our financial machinery, and the further amendments experience shows to be necessary will doubtless be made, yet it marks a step forward in our financial independence, the length of which time alone will show. For the first time in our history we are able to take advantage of our great wealth, large stock of gold, and credit-expansion power in an entirely safe, proper, and scientific manner.

The bankers of the United States will surely do all they can to further our export and import trade and do their part to make the dollar bill of exchange favorably known so that it will command respect among the trade instruments of the world, nor will they be found lacking in doing what they can to promote the material prosperity of the various countries in which they establish branches.

In seeking to extend our relations abroad it is but natural our eyes should turn to our neighbors, the nations of Central and South America. We know that we need their kindly interest, and we feel that we can be useful to them. Therefore a meeting of this nature, the bringing together of their representative men with those of our own country can not be otherwise than beneficial, for it is quite clear that we have a community of interest that can be best served by a full, frank, and free discussion of our mutual needs and the formulating of plans to bring about the desired results along lines of equal advantage and reciprocal helpfulness. [Applause.]

Secretary McADOO. I now take pleasure in calling on Mr. J. J. Arnold.

Mr. J. J. ARNOLD (of Chicago):

WORTHY GUESTS OF OUR NATION, MR. SECRETARY, LADIES, AND GENTLEMEN.—At the time of the outbreak of the European war I was besieged by newspaper men who were anxious to know what possible benefits might or would accrue to the United States of America as a result of this terrible conflict. At the time I was much more interested and concerned with possible losses and disadvantages rather than with possible or probable gain. Upon reflection, however, I recognized a rift in the clouds. That rift was Latin America and the Orient. There are a few in our country who have for a goodly number of years been students of the question of trade between Latin America and the United States, and with all the encouragement that could be given by a comparatively small number of students of the subject very little impression was made upon our commercial life as a whole. It has taken a great European disturbance to emphasize not only the possibilities but also to give recognition to difficulties in the way of developing this intercourse. It is most gratifying to all of us that this interest has found such profound expression as is given by this gathering.

Although some have long ago recognized Latin America as a very promising field, it would appear that the entire Nation now believes that the territory is ready for harvest. Now, it is a well-understood fact by those who are familiar with the principles of agriculture that a field must first be cultivated, after which the right kind of seed

must be sown, and this in turn must be given time to germinate and grow and ripen before the crop can be garnered.

Many of our people, and more particularly our newspapers, were of the opinion that Europe had been cultivating the soil, sowing the seed, and that the time of harvest was now at hand, and, inasmuch as Europe was not able to harvest the crop, all that was necessary for us to do was to step in and reap the results of their labors. Such reasoning, however, left out of consideration the one important fact that practically all of the machinery which had been made use of for the production of the harvest had upon it the stamp "made in Europe and for European purposes." I have reference now more particularly to the selling agencies, established direct connections, and banking facilities. While it is undoubtedly true that all of this machinery, temporarily interrupted in its former activities, would be perfectly willing to serve the United States of America, it is equally true that in all probability when this war is over they will naturally revert to their old love. It is my candid opinion that we are now moving in the right direction and along sane and sensible lines.

To my mind, if this Conference is to accomplish anything at all, it must naturally be of the character of cultivating the territory interested, and I for one feel that our nation, as well as the countries of Latin America, should be congratulated upon the farsightedness of our Secretary of the Treasury in calling together the representative men of all these nations for such a purpose. I am convinced that it is one of the biggest Pan American thoughts to which any American statesman has ever given expression. If my judgment is correct, the attitude of mind of the men here gathered is that we are now laying the foundation for work which will be judged by its results, not so much in the immediate future as in twenty-five years from now. It appears to me that it is the consensus of opinion that the object for which we are working is to build sanely, safely, and wisely machinery for the carrying on of commerce between our nations in a manner similar to that which has proven successful on the part of the European countries. We are doing pioneer work, and pioneer work is always done with an eye to the distant future.

From the standpoint of finance there is no question in the minds of those conversant with the situation but that we are most fortunately situated at the present time. Mr. Vanderlip the other day, in his always clear and able manner, emphasized this thought.

In my humble opinion it would be far more productive of good if this Nation would use more of its surplus capital for constructive work in Latin America as well as in the Orient rather than to lend our credit to European nations, where the work of destruction is thereby furthered.

Every American conversant with the situation is proud of the work which Mr. Vanderlip's institution has already accomplished in Latin America. Such a work can be done only by the larger banks of our land. We believe, however, that much more than any one institution can undertake to do should be done. There are banking institutions throughout our land interested in foreign business anxious to cooperate with each other in this development. Our present banking laws, however, do not permit of such cooperation. We hope that in the next session of Congress this permission will be granted. If this is done, then any group of banks, or, if desired, all of our banks interested in foreign trade, could cooperate in the furnishing of capital and banking facilities adequate for the needs of every section of our land.

I realize that the question of finding men qualified for the carrying on of such work is of great importance and may be considered a difficulty in the way. The only way to secure men is to train them.

I am not advocating a development of foreign banking facilities which would be of a mushroom growth, but the same should be allowed to proceed along the lines of normal development. This may not be as rapid as some would like, but I am confident will respond to actual requirements. What we do we must do well and in a way which will make a favorable impression in the countries with whom we are seeking to do business.

Should capital of such countries seek to cooperate with us this should be made possible. In this way such an institution would become cooperative not only at home but between the countries interested. Such an organization necessarily should have broad powers and should be organized with the thought in mind not only to finance exports and imports, guaranteeing payment at either end, but should also facilitate the financing of public undertakings.

In our country we have been advocating a fixed foreign policy which will insure protection for investments made by us in foreign lands. To our friends from Latin America I would like to say that we in turn feel that we have a right to expect and demand from your countries and from your governments every possible protection which you can give us.

In conclusion I would like to emphasize the fact that while we do consider Latin America a field worthy of our attention, it is not our desire to apply methods of exploitation, and we believe that, on the other hand, the Latin-American Republics should recognize that the United States of America also is a field which you in turn should seek to cultivate.

Trade between two countries must be based upon an exchange of commodities in as far as it is possible. The United States of

America is rapidly becoming an urban instead of a rural country. This is why we are now seeking, perhaps as never before, a market for our manufactured articles. In your countries the reverse is still true, and on this account your natural products will necessarily be wanted in our land in increasing quantities.

We certainly bid you welcome as guests of our Nation, and we are confident that as we cultivate your acquaintance permanent friendships are bound to be established. This quite naturally will result in a greater exchange of goods, and it is our hope that our commercial relations will soon become so closely interwoven and developed on a basis which will make impossible in this hemisphere what we now are witnessing in Europe. This is our fondest hope and sincerest prayer. [Applause.]

MISCELLANEOUS BUSINESS.

Secretary McADOO. The Committee on Uniformity of Laws will meet to-morrow morning at 11.30 o'clock in the Columbus Room of this building.

The Secretary-General, Dr. ROWE. I wish to inform the members of the Conference that if they so desire, automobiles will be here to take them to the Shoreham to pick up members of their parties who may not be here, and will then proceed to the Navy Yard, or they may go direct from here to the Navy Yard, as they prefer.

Mr. C. A. GREEN (New York):

GENTLEMEN OF THE CONFERENCE.—I do not wish to take more than a minute of your time, still there is a subject that I think is worthy of consideration by you before you finally adjourn. Two things have been called to my attention, as matters that might very properly come before this Conference.

One is that while we are very large producers of silver, yet the market for silver is in London. For example, one of the Latin-American countries not long ago had its stock of silver bullion bearing the mark of an American producer, but the silver instead of being purchased in the United States was purchased in London. The result was that the buyer paid two commissions and extra freight and insurance. He purchased in London because it was the financial center, and the same bankers that made the loan sold the silver. This ought to be changed, and it is one of the very things which we hope this Financial Conference will take up.

Secondly, when the Latin-American countries want silver coinage they go, since the market for silver is in London, to the European mints; naturally to Birmingham or Paris, where their coinage is made. I understand that we have authority to use our mints for

coinage for other governments, and they have been so used to some extent, as, for example, in the case of Cuba. Again, since we are large producers of silver, why can not our mints be used for doing the coinage of our Latin-American friends? It would save them expense, it would keep our mints operating, and would thus be an advance toward making New York the market for silver.

Now, gentlemen, it seems to me that before the final adjournment of this Conference this subject is well worthy of your serious consideration. I leave it for you for such use as you may see fit to make of it. [Applause.]

Secretary McAdoo. Gentlemen, I shall put Mr. Charles A. Conant on the Committee on Uniformity of Laws.

We will now adjourn until 3 o'clock to-morrow afternoon. In the meantime the Group Committees will continue their work.

(Thereupon the Conference adjourned.)

FIFTH SESSION

FRIDAY AFTERNOON, MAY 28, 1915

FIFTH SESSION, FRIDAY AFTERNOON, MAY 28.

The Conference met at 3 o'clock p. m.

Secretary McAdoo: Gentlemen, before we begin the proceedings this afternoon I desire to introduce to you the chairman of the Foreign Relations Committee of the House of Representatives of the United States, the Honorable Henry D. Flood, of Virginia, through whose courtesy, as well as through whose assistance, we are much indebted for the action of Congress in passing the necessary resolution authorizing this Conference. I want him to say a few words of welcome to you. [Applause.]

Hon. HENRY D. FLOOD (of Virginia):

MR. McADOO AND GENTLEMEN OF THE PAN AMERICAN FINANCIAL CONGRESS.—I gladly avail myself of this opportunity to extend on behalf of the Congress of the United States a brief word of welcome to the delegates to the Pan American Financial Congress and to assure Secretary McAdoo and the Conference that I believe the Congress of the United States will do all in its power to carry out the results of your deliberations [applause] and will do whatever is possible to enlarge and extend the financial and commercial relations and the transportation facilities between this country and the countries of Central and South America.

I think the conception of Secretary McAdoo in bringing about this Conference was a great stroke of statesmanship, and when it was first broached to Congress it met, with few exceptions, the instant and hearty approval of the membership of that body.

My admiration for the people and my faith in the future of the countries of Central and South America are daily enhanced since I began a systematic study, with the aid of my friend and your friend, the Honorable John Barrett, of the history and possibilities and greatness of those countries, and on behalf of the Congress of the United States I extend to their delegates a most hearty welcome. Our gates swing open to receive you. Our hearts welcome you. And our hope is that you may at least get a small fraction of the pleasure of being with us that we receive through your coming here. [Applause.]

By reason of the position which I occupy in the legislative body of this country it has been my privilege and duty to be sponsor for much of the legislation in relation to the splendid countries to the south of us. I took pleasure in carrying out the suggestion of the President and secured an act of Congress authorizing him to accredit an ambassador instead of a minister plenipotentiary to the great countries of Argentina and Chile. [Applause.] I took a greater pleasure in carrying out his suggestion that a minister be accredited to the prosperous country of Uruguay and one to the heroic country of Paraguay, instead of accrediting one minister to the two countries, as had formerly been the custom. [Applause.]

I took pride in the passage of a resolution by the Congress of the United States extending the thanks of that body to Ambassador Da Gama, Ambassador Naón, and Ambassador Suárez for their unselfish and gracious and useful work as mediators in the trouble between the government of this country and the leaders of the contending parties in the Republic of Mexico. But I believe, gentlemen, and I thought so from the very time that this matter was first broached, that the most important legislation the Congress of the United States has had to deal with in the last few years in reference to Pan American affairs was this proposition for the Pan American Financial Congress.

We are at a critical period in the affairs of the Western Continent. What we do now and in the near future will determine whether or not the Republics of America shall stand together and cooperate for the good of all the American countries. I believe this Conference is a long step in securing that cordial cooperation. I know that the Congress of the United States will do all that can be expected to bring it about. Standing as we all do for high ideals and sound principles of government, I hope and believe that before long this will be attained. [Applause.]

In the farthest east the first dim light of civilization was seen and westernward the star of empire has taken its course ever since. The cycle is completed. The star blazes to-day in the world's extreme west. The leadership of the future rests upon the Americas, and the world will be blessed with that leadership. [Applause.]

We of the Western Hemisphere stand in the light while many of the great nations of the Eastern Hemisphere are to-day standing in darkness. We are preparing for peace. They are waging war. We stand for ideals and for principles that will prevail, and that will make our leadership permanent; ideals and principles which, seen from the misty heights of the future, will mark out the way and make clear the path which all the nations of the earth will traverse in God's appointed time. It is a happy omen for the future of

the world that the Republics participating in this Conference are united by treaties which require time and deliberation before any trouble shall arise out of disagreements between us—the year of deliberation for the cooling of passion. The splendid result was the conception of our great Secretary of State. The President, with his wide vision and his acute insight into the heart of economic, political, and international conditions, promptly indorsed this conception and gave it a prominent place in his first annual address to Congress. When the principles of these treaties become generally observed we will see everywhere over this world happy and prosperous countries and contented people, and the names of Wilson and Bryan will spring to the lips and live in the hearts of mankind like a song learned at the mother's knee. [Applause.]

Secretary McADOO: The Secretary-General wishes to make a few announcements.

MISCELLANEOUS ANNOUNCEMENTS.

The Secretary-General, Dr. ROWE: I beg to announce that we have received a telegram from the conference of bankers at their meeting in San Francisco, the Bankers' Association of the Pacific Coast and Rocky Mountain States. The telegram is as follows:

[Telegram.]

SAN FRANCISCO, CAL., May 27, 1915.

Secretary of Conference of Bankers of Central America and South America, with the Secretary of the Treasury, Care Treasury Department, Washington, D. C.:

I have the honor to transmit for your attention the subjoined resolution, which was unanimously passed at the convention here to-day by the Bankers' Association of California, Oregon, Idaho, and Nevada.

Yours, respectfully,

FREDERICK H. COLBURN,

Secretary of Joint Convention.

Whereas a Conference is now being held in Washington, D. C., between the ministers of finance and leading bankers of Central and South American countries with the Secretary of the Treasury, this Conference having in view the discussion of problems growing out of the opening of the Panama Canal and looking to the establishment of closer commercial relations between the countries represented at the conference: Now, therefore be it

Resolved, That this convention of bankers from the States of Arizona, California, Idaho, Nevada, and Oregon fully realizes the importance of the subjects to be considered to this entire country and particularly to the Pacific coast; that it awaits with much interest the result of the deliberations and believes that the better understanding growing out of the meeting will be productive of much good to all concerned.

Resolved, That this convention extends to our distinguished visitors cordial greetings and wishes for them a pleasant sojourn in this country and a safe return.

Resolved, That the secretary of this convention be instructed to telegraph these resolutions to the secretary of the meeting in Washington.

The Secretary-General, Dr. ROWE: I desire furthermore to state that the automobiles for this afternoon's trip to Fort Myer will leave the Pan American Building at 4.30 o'clock, instead of 5 o'clock, as announced in the original program. The hour of 4.30 o'clock is indicated in the final edition.

I am also requested to ask the members of the Conference if they will be good enough—in case they have not had time to answer the invitation for to-morrow evening's banquet—to indicate on their cards whether or not they are able to attend, using the words "yes" or "no," and hand these to me. It will save them the time of writing out a formal acceptance. Those in charge of the banquet are very anxious to have at the earliest moment possible the names of the gentleman who will attend.

In conclusion, let me ask the delegations that as the roll is called for reports of the Conference Committees they will be good enough to let us have a duplicate copy, in case such a duplicate copy is available, in order that we may use one of the copies either for mimeographing or printing, that point depending upon the time at our disposal.

Secretary McADOO: Gentlemen, the time of the session this afternoon is so limited that it will not be possible to read any of the reports that may be submitted to-day. We shall, therefore, ask those of you who have completed your reports to hand them to the Secretary-General, so that they may be printed; and to-morrow we will have the entire day within which to read reports, if you desire to have them read, and devote such time as may be possible during the concluding session to a discussion of them, and also to the consideration of any other matters that may be brought before the Conference. So I shall ask those who have reports ready to be good enough to hand them to the Secretary-General this afternoon. That may be done at the close of the session or just a few minutes before the adjournment.

I think on reflection, and as the Secretary-General reminds me, it might be better to call the roll of the countries and let those who have their reports ready answer to the roll call, and that course will now be taken.

ROLL CALL FOR GROUP REPORTS.

(The Secretary-General proceeded to call the roll, and the delegates responded as follows:)

Argentina: The report will be ready to-morrow morning.

Bolivia: The report will be ready by to-morrow morning.

Brazil: The report is to be sent to the Secretary-General to-day.

Chile: No response.

Colombia: The report will be ready at about 6 o'clock.

Costa Rica: The report has been submitted.

Cuba: The Secretary-General has the report.

Dominican Republic: No response.

Ecuador: The report is in the hands of the secretary of the committee.

Guatemala: No response.

Honduras: No response.

Nicaragua: The report has been submitted.

Panama: The report has been submitted.

Paraguay: The report will be sent in at the morning session.

Peru: The report will be made to-morrow. It is being typewritten now.

Salvador: The report will be ready to-morrow.

Uruguay: To-morrow there will be some additional copies. Report submitted.

Venezuela: The report will be ready to-morrow morning.

Secretary McAdoo. I understand that the Uruguayan delegation desires to submit something to the Conference.

URUGUAYAN PROPOSAL FOR A TOUR BY NORTH AMERICANS.

Dr. PEDRO COSIO (Uruguay). As the moment for closing of the Pan American Financial Conference in Washington approaches we, the delegates from the Latin American Republics, are able to appreciate the great success which has accompanied the happy inspiration of Secretary of the Treasury McAdoo in having originated an entirely new method for solving questions of material interest and of an essentially practical character. Truly I believe this must have struck everyone just as it struck me upon receiving the invitation to take part in this Conference, considering the form in which it was set forth. What occurred to me was that the idea was very original, yet I did not perceive in what way one could arrive at practical results. However, we see this now; these meetings of the representative men of America are the principal means by which we shall secure real union of an economic and positively beneficial character for the commerce and industry of all the countries concerned—without taking into account the ties of friendship, which

is one of the chief points. And so convinced am I, Mr. Secretary, of the successful issue of the plan suggested by the Government of the United States that I am going to take the liberty of adding a proposition which I shall submit to my distinguished colleagues, the Latin American delegates, in order that they may at to-morrow's session, if that is possible, express their assent in case they agree. The proposal is as follows:

(1) That the Latin American States unite in inviting the banks and industrial and commercial groups here present to join together and visit within a period of six months the countries of Central and South America, where they will be received by governments, chambers of commerce, and industrial interests.

(2) To which end the governments of the countries to be visited will hold it an honor to have the visitors as their guests.

(3) Details regarding the itinerary, etc., will be fixed at the proper time.

(4) That a special committee representing the States assembled here be formed, together with their diplomatic representatives accredited to the United States, for the purpose of taking up and carrying out this suggestion.

And as a complementary measure I would suggest that the Secretary of the Treasury should appoint a United States committee charged with giving practical form to this idea and to organize the trip which is to result from it. [Applause.]

(The Secretary-General translated the foregoing.)

Secretary McADOO. The minister and delegate from Bolivia, Señor Calderón, will address you.

Dr. CALDERÓN (Bolivia). I merely want to make the suggestion to my colleagues and delegates not to postpone the decision of this timely proposition presented by the delegation of Uruguay until our session to-morrow. I think it is a thing that will go further than anything else to prove how heartily and how friendly is our disposition, and I will ask that the delegations rise and approve the proposition unanimously.

Secretary McADOO. Gentlemen, the suggestion from Uruguay has been read to you. This is not a convention. It is a conference for the purpose of considering suggestions, not for the purpose of taking action upon propositions that may be submitted. Yet this proposal is one that is eminently proper to be acted upon by the delegates from the Central and South American countries who are here. So, if it is agreeable to the gentlemen from Uruguay to have the matter put to a vote of the foreign delegates this afternoon, I shall be very happy to put it. Those who favor it will say "aye."

(The suggestion was carried by a unanimous vote.)

Secretary McAdoo. We have now about thirty minutes, during which we may consider other matters; and as I see the Honorable John Bassett Moore I will ask him to come forward. It occurs to me that perhaps Mr. Moore may have his report ready.

Mr. MOORE. Mr. Chairman and gentlemen, we expected to have our report ready by this time, but, although the printer's task is not completed, copies will be here this afternoon and will be submitted; and I now have the honor, on behalf of the General Committee on Uniformity of Laws relating to Trade and Commerce and an International Commercial Court, to present its report, which later will be distributed in printed form, and which may be acted upon to-morrow.

Secretary McAdoo. To-morrow we shall ask you to read that report, so that we may indulge in such discussion at that time as is proper.

REMARKS BY MEMBERS OF THE CONFERENCE.

We have about thirty minutes, which may be devoted to talking about matters which members may desire to bring before the Conference, and several gentlemen have notified me that they would like to say a few words. I find six names presented here; that would allow five minutes to each. I shall be relentless in dropping the gavel on each speaker in five minutes, I warn you in advance.

I shall first call on the Honorable Charles H. Sherrill, chairman of the foreign relations committee of the Chamber of Commerce of the United States.

Hon. CHARLES H. SHERRILL (of New York):

MR. CHAIRMAN AND GENTLEMEN OF THE CONFERENCE.—I feel very much at home in speaking to so many South Americans, because of the two years I spent on the banks of the River Plate. And that moves me to say that I was much gratified when the delegate from Uruguay spoke, because it is most proper that he should speak at a conference of bankers. I may say to my North American confrères here that the tradition is that every girl baby born in Uruguay is going to grow up to be charming, and every male baby in Uruguay that grows up is certain to be a banker and move to Buenos Aires. So when the Uruguayan delegate spoke on banking I assure you he was congenitally prepared to do so. [Laughter.]

I have an advantage over some of my North American colleagues here in that I lived for some time in South America and have enjoyed that exquisite hospitality which comes from the heart there, and which I am afraid generally comes from a studied education here. The South Americans are a marvelous people to live amongst and a very difficult people to forget. The only boast I can make of my stay in South America is that no North American ever came away with so great an affection for the people as I have.

Now, one word concerning the committee on foreign relations of the Chamber of Commerce of the United States. All of the delegates I think by this time have learned what that organization, the Chamber of Commerce of the United States, means. It is a gathering together under a very able leader of nearly three hundred and sixty chambers of commerce and boards of trade all over this country. Those interested in it have learned many things, and there is one thing they have learned which seems to be very pertinent to-day; that is, that the people of Texas differ more from the people of Boston and the people of Illinois, than do any of the South American countries from us.

Now, if we in this country of ours can live together happily and become a strong and united nation in all matters, as recently has been demonstrated in the field of foreign affairs, why is it not that much easier for those who live in a country like this to come to terms of understanding and agreement with gentlemen of other countries like yourselves? And especially is that true when you reflect that we are all interested in the same part of the world, bounded about by the same oceans.

A great thing was done to the whole of this hemisphere, for both North and South America, when that splendid mediation of the South American powers was made, in the misunderstanding between ourselves and Mexico. That caused the Latin-Americans to be appreciated and understood in North America as never before.

Now, the action which you gentlemen are bringing about is to put all of our affairs which treat with the other part of this hemisphere on a common basis, and I think we will get together in some way, as was suggested in the proposal to insure neutrality of all American waters, so that it will be difficult, if not impossible, for the civilization of the other side of the world to say nay to any proposition which meets with the approval of both North and South America.

The committee on foreign relations of the Chamber of Commerce of the United States is trying to learn all it can; and as a part of that education we beg that you will favor us, any of you South American and Central American delegates, with ideas that you may have. We receive suggestions from all parts of the United States, and we sincerely hope that before you leave you will get into touch with us and give us the benefit of your advice as to how to improve the commercial relations between this country and Latin-America, because that is our sphere.

I am very much gratified to have this opportunity to salute you, and to say from my heart what I have felt ever since I left your wonderful part of the world. [Applause.]

Secretary McADOO. I shall now call on Mr. Roger W. Babson.

MR. ROGER W. BABSON (of Boston):

MR. SECRETARY AND GENTLEMEN.—While in South America this winter the shipping bill was under discussion here in Washington. Not having been here I can not talk intelligently about the technicalities of the bill. I do, however, feel that it would be shirking duty to permit this Conference to adjourn without testifying as to how, in my judgment, Pan America stands concerning the principle underlying this project. Moreover, if I am incorrect, the delegates here can answer me.

Let me say that I found in every country excepting one an almost unanimous desire that this government enter this work. The consensus of opinion seemed to be that until the seas are under international control we will not make our shipping laws less stringent by permitting the use of cheap labor. Although this may be the solution suggested by the shipowners, I do not believe that the people of the United States will ever stand for this method of correcting the difficulty.

The experience of these Latin American countries with subsidies has been very unfortunate. However large these subsidies have been, Germany, England, or one of their own neighbors, have outbid them and the value of the subsidy has been lost. The use of subsidies, I was told by Latin American officials, consists in giving one larger than is given to the ships of competing nations. There seems to be no value to subsidies when the nations begin to bid against one another, which is the inevitable result under present conditions. My Latin American friends also complained bitterly of the deteriorating effects of subsidy legislation on all other legislation, as it greatly opened the door to graft.

Hence until all shipping engaged in foreign trade is under uniform laws and flies an international flag the only other means of building up a merchant marine is by the use of government-owned ships. This is not merely theory, but is the result of practical experience with all the different systems as used by the Latin American countries. In fact, the president of one of these countries asked me, "Can democracy lead to any other solution?"

As to the great need of better shipping facilities between the two Americas there is no chance for argument. In talks which I had with the highest officials of all those countries they unanimously emphasized this point.

Perhaps the President of Argentina best expressed the thought by these words:

The first step toward bringing any peoples together must be better means of communication, and this especially applies to the nations of the Western Hemisphere.

The President then showed me a report of his government on the ships which arrived last year in Argentine ports. This list contained statistics on the ships of about twenty nations; the United States comes third from the end, followed only by Mexico and one country whose name I am ashamed to mention.

Gentlemen, before going to South America I was opposed to government-owned merchant marine, but I am now convinced that it is an absolute necessity for cementing together the Americas. I therefore beg of you, my fellow countrymen, who are official guests at this Conference, not to oppose this principle without first going to Latin America and studying its needs.

Do you know that our methods are incomprehensible to Latin America? We bring these Latin Americans here to the United States and show them our great wealth; we tell them in eloquent speeches of our great love for their countries and peoples; but as soon as we are asked by their governments, or even our own government, to spend money on these professed bonds of friendship, we run away.

The time has come when we should either "put up or shut up." Let us flirt with these Latin Americans no longer! Let us either cease our caressing words or else show our faith by works. This means let us buy their bonds, help them in financing their public works, organize banks which will lend money to their people, adapt our manufactured goods to their needs, and, most important of all, adopt the suggestion of President Wilson and Secretary McAdoo by building ships which will make possible that interchange of peoples and goods which is fundamental to the growth, prosperity, and happiness of the Americas.

In other words, let us not be hypocrites! [Applause.]

Secretary McADOO. I want to compliment Mr. Babson on being able to write an exactly five-minute speech. He hit it to a second.

The next speaker is the Honorable J. Van Vechten Olcott, president of the Pan American States Association.

HON. J. VAN VECHTEN OLCOTT (of New York):

MR. CHAIRMAN AND DELEGATES.—I promise I will not use the five minutes. I want first to thank the Secretary of the Treasury for his graciousness in inviting me to this Conference. It is only in the last month or so that I have been elected president of the Pan American States Association. This association has existed for about three years and has had merely temporary quarters, our present quarters being in the McAlpin Hotel, in New York. We are rather ambitious as to what we expect to do. We believe that within the next few years we will have erected a building in the city of New York of which the major portion will be used for perma-

nent international exposition purposes. We believe that the South American countries will bring us samples of the goods that they have to sell to us, and we believe that the American manufacturers will show a very hearty cooperation by exhibiting what we have to sell. This building, which I can state now conservatively is practically financed, will be as tall as the Woolworth Building, in New York. There will be something like forty stories to it. Most of them will be used for exhibitions and expositions, and the remaining twelve, fifteen, or sixteen stories will be used for club purposes.

We have the cooperation of this present administration. At the suggestion of the President of the United States the collector of the port of New York, a very able subordinate of the Secretary of the Treasury who is presiding here, is a member of the advisory board.

The matter that I wanted particularly to speak to you about, the reason I am glad to be here as a guest, is to tell you that we hope before you gentlemen go to your own countries you will not fail to visit our temporary quarters and become interested in our project. Before you leave the city of Washington you will receive special invitations from the society asking you to come.

I do not want to go in detail into the purposes of the society, except to say that they are entirely commercial, and I wish to say that the name of our association probably may be changed to the "All Americas Association." I would like to add, also, that we are entirely in accord with the union of which Mr. Barrett is so happily the head. We are also, at present, in harmony with the administration here, and I am perfectly certain we will always be so. As the president of the association, I ask you when you come to New York to come there to the McAlpin Hotel, where, as I say, we are temporarily occupying a considerable suite of rooms, and see for yourselves what we are starting to do. I think you will then believe that we will accomplish even our ambitions and large desires. When you come, I am sure that we will give you as warm a welcome as we know how, and we will try to vie with the character of welcome my friend Mr. Sherrill says that you in South America give to visitors from our country.

I thank you. [Applause.]

Secretary McADOO. I am afraid my good friend Mr. Olcott made one statement that might lead to a wrong inference, and I know he did not so intend it, when he said that what he was doing was in accord with the administration here. I do not know whether he meant the national administration or not, but, of course, this administration can not put its approval upon any private project, and

I feel assured that Mr. Olcott did not intend to create such an impression.

MR. OLCOTT. I beg pardon. I did not mean any such inference.

Secretary MCADOO. I know you did not mean that, but such an inference might be drawn from your statement. The administration can not put its approval upon any project of that character, however worthy it may be.

The next gentleman who will address you is Mr. A. W. Tedcastle.

MR. A. W. TEDCASTLE (of Boston):

MR. CHAIRMAN AND DELEGATES TO THE CONFERENCE—I have been accorded a very few minutes to call attention to an evil and suggest a remedy in the matter of tax on salesmen and a tax or tariff on salesmen's samples.

Salesman's tax.—The present tax in most Republics is so high that many manufacturers are deterred from making experimental trips. I would suggest that if the charge was reduced to a reasonable sum, and one payment to cover all cities in the Republic, the additional number of travelers would more than make up the amount now collected from a few.

Tariff or duty on samples and remedy suggested.—The present plan of charging duty on such samples as boots and shoes, even where the duty is returned, is so unsatisfactory and expensive that my firm, in common with many others, has found it necessary to destroy or mutilate many hundred dollars' worth of samples each year so that they may be entered duty free. We are thus put to large pecuniary loss and do not feel able to show as full a line of merchandise. For this loss to us the Republics get no compensating advantage; instead, the reverse. I would respectfully suggest as a remedy that each Republic allow salesmen to deposit with the customs authorities a bond issued by some reputable bonding company in the United States, said bond to be a guaranty that the samples will be taken out of the Republic. Bond to be returned to the salesman when such samples have been delivered to the customs for reshipment.

I do not know how our friends south of us could aid the manufacturers and merchants of the United States more, and at no expense to themselves, than by giving this matter their earnest attention; and in addition to that I wish to emphasize the fact that if two or three Republics should fail to do it, then either the salesmen would pass those Republics by or would have to continue losing money by mutilating samples and rendering them valueless.

I leave the matter with you and thank you for your attention.
[Applause.]

Secretary McAdoo. Mr. William C. Le Gendre will now say a few words.

MR. WILLIAM C. LE GENDRE (of New York):

MR. SECRETARY AND GENTLEMEN OF THE CONFERENCE—I will take but a moment of your time. In casting about, in planning the American shipping bill, I ran across some information, and will quote the following in the case of Captain Dollar, of San Francisco. This gentleman owns both United States and foreign vessels. He has stated that in a single instance, in taking a ship from foreign registry and putting it under the American flag, it necessitated the employment of four additional quartermasters at \$70 a month, an extra engineer at \$70 a month, three water tenders at \$75 a month (and, incidentally, nobody seems to know what a water tender is on a foreign ship). The total additional cost was \$680 a month, or \$8,160 a year, simply for changing the flag on that ship! In addition, there is the difference in cost for tonnage dues entering every port, based on a very much larger tonnage measurement under the American flag. The total difference in cost of operating that ship would closely approximate \$12,000 a year. Is there any use for an American who can own ships and operate them under the English flag, for instance, to put them under the American flag and pay that additional amount? Is not this the reason why we do not get American ships? It seems to me that this statement sums up the whole question. It might not be amiss to add that a person more expert and better informed than I could add further expense in respect of port dues and other charges incurred in loading and unloading. [Applause.]

Secretary McAdoo. The next speaker will be Mr. William S. Kies, of the National City Bank.

MR. WILLIAM S. KIES (of New York):

MR. SECRETARY AND GENTLEMEN OF THE CONFERENCE—This Conference is proving an inspiration to the business interests of the United States. You distinguished gentlemen from Central and South America have impressed us deeply by your sincere patriotism and your broad vision. The picture which you have given us of the Americas united, bound together by ties of commercial friendship, will not soon fade.

We in this country have been organizing for a number of months in order better to prepare ourselves for the responsibilities which must be ours in this movement for extending our trade relations. We are beginning to realize how great has been our ignorance of some of the fundamentals of foreign commerce and how much is necessary in the way of education on our part. Close business rela-

tions are in all cases founded upon mutual confidence and respect, and, of necessity, must be preceded by mutual acquaintance and understanding. You have invited us to take, to a certain extent, the place in your business world formerly held by the unhappily estranged nations of Europe, but you have known and done business with Europe for many decades; and Europe, through its associations and its business experience with you, has a more thorough understanding and appreciation of the demands of your markets, of the nature of your institutions, and of the sterling characteristics of your peoples, than we can as yet hope to have.

The most important element in the development of commercial relations is the extension of credits. Fortunately for this country, under the provisions of the Federal Reserve Act we now have the financial machinery making possible a free extension of credit in aid of the importation and exportation of goods. The liberal use of these credit facilities depends only upon the rapidity with which we become acquainted. To speak with entire frankness, in the United States the merchant who wishes to borrow presents from time to time to his bankers an accurate statement of his financial condition. The bankers of this country habitually interchange credit information. If a merchant in the United States, therefore, is desirous of knowing the credit standing of a possible customer anywhere in the country he may ascertain the facts on short notice. The extension of credit only after a thorough knowledge of a concern's financial condition is obtained through such channels. That has become a fixed business habit with us.

We must, therefore, gentlemen, ask your earnest and sincere aid in this matter of credit extension. We have heard from many sources of the high sense of business honor obtaining among your leading firms, but it is always true that a man to be thoroughly appreciated must be personally known. We desire sincerely to know you better. May we not count on your help in this matter? Through your commercial organizations, and through such permanent committees as it is hoped may grow out of this great Conference, will you not co-operate with us by urging upon your merchants and your business men the desirability of giving to such United States banks and to the representatives of such commercial interests as may be located in your respective countries, full and complete information regarding their responsibility and financial standing? Our merchants, I can assure you, will be equally frank, and our banks and our credit organizations are even now prepared to give to your merchants information in complete detail concerning the commercial houses in this country who may wish to do business with you.

This Conference will produce results lasting and permanent if there shall develop from it a sincere and earnest spirit of cooperation

for a permanent movement toward mutual education and acquaintance along commercial lines.

I thank you, gentlemen. [Applause.]

(At this point the Honorable Lindley M. Garrison, Secretary of War, entered the room amid applause.)

Secretary McADOO. Gentlemen, I have the very great pleasure of announcing that our distinguished Secretary of War has been courteous enough to extend to you an invitation to visit Fort Myer and witness a drill. Before doing so, I have asked him if he will not say a few words to you. It gives me the greatest pleasure to introduce him to you now—the Honorable Lindley M. Garrison.

INVITATION BY SECRETARY OF WAR.

Secretary GARRISON. Mr. Secretary, ladies and gentlemen: This Conference undoubtedly marks the beginning of a new era in the Western World. It constitutes a new chapter in the modern history of the Americas. It is a family council to devise ways and means to benefit mutually the members of the family.

It must be a source of personal gratification to you gentlemen to have had the opportunity of taking part in this great work. I felicitate you upon that happy chance and also upon the way in which you have taken advantage of it. The atmosphere generated by you is charged with the electric quality of success; and with the spirit here prevalent, failure is impossible. You have attended the birth of a movement which has incalculable potentialities and benefits to the peoples of all the countries involved, and the good effects of which will endure from generation to generation.

I am very much pleased to have been afforded the opportunity of meeting you and of saying these few words to you, and to have the further opportunity of being permitted to offer you a little rest and diversion. I am to have the honor of having you accompany me to Fort Myer, a near-by military post, where we will witness some cavalry evolutions. [Applause.]

Secretary McADOO. Now, gentlemen, it is my very great pleasure to transfer you to another gentleman who will be your host. I am always sorry when I have to surrender you to somebody else because I enjoy you very much myself, but I must not be selfish about this matter. So I am now going to turn you over to the Honorable Secretary of War, and I know he will take good care of you.

Gentlemen, the meeting will now adjourn and you will find automobiles at the door to take you to Fort Myer.

(Accordingly, at 4 o'clock p. m., the Conference adjourned.)

SIXTH SESSION

SATURDAY MORNING, MAY 29, 1915

SIXTH SESSION, SATURDAY MORNING, MAY 29.

The Conference was called to order by the Honorable William G. McAdoo at 10 o'clock a. m.

The Secretary of State, the Honorable William Jennings Bryan, and members of the Federal Reserve Board were invited and proceeded to take seats upon the platform.

Secretary McAdoo. The Secretary-General desires to make certain announcements before we proceed with the business of the Conference.

GENERAL ANNOUNCEMENTS.

The Secretary-General, Dr. ROWE. Gentlemen, I desire to repeat the notice given yesterday that owing to the fact that some of the representatives from the United States did not register we were unable to secure their accurate addresses; and I desire further to state that all of these gentlemen have been invited to the banquet this evening. If you have not received an invitation it is due to our not having your address in Washington. Therefore please indicate on a visiting card before you leave this morning whether you will attend or not. This will enable the proper arrangements to be made.

For the purpose of record in the minutes I would like to say that Mr. John Clausen, of the Crocker National Bank, San Francisco, has submitted a memorandum to the Conference.

Secretary McAdoo. I wish to announce that the President will be very happy to receive the members of the Conference at the White House at 12.30 o'clock to-day for the purpose of bidding them good-by. You will be good enough to enter through the east gate, opposite the Treasury Building, as you did on the previous occasion. The session will adjourn in time to enable you to go to the White House.

I regret very much to say that the reports of the group committees were not handed in in time to be printed by this morning. The work upon them is being rushed as rapidly as possible. I wish to say also that I think the group committees have done admirable work in getting their reports ready so soon. You have all been under very great pressure this week in trying to compress into a comparatively short time matters of vital importance. The result is it will not be possible this morning to deal with these committee reports in the form which we should have chosen had we had more time. I would suggest, therefore, that later during the morning the roll be called, so that representatives of each one of the countries may address the

Conference on the subject. These remarks will have to be very brief, but an opportunity will thereby be given each country to make some general observations upon the character of its report.

The reports will be printed and distributed later, and will be incorporated in full in the published proceedings.

I shall now ask the Honorable John Bassett Moore, in connection with the report from the Committee on Uniform Laws, kindly to give us a brief outline or summary of the conclusions of the group reports; and after that has been done I shall ask each delegation to express itself in such way as it may see fit.

We shall be glad to have Mr. Moore make that report now.

GROUP REPORTS SUMMARIZED.

MR. MOORE. Gentlemen, as the president of the Conference has stated, a great deal of work has been devoted to the preparation of these group reports. Although I have been connected with a number of conferences, I have not known any whose members applied themselves more constantly and assiduously and devotedly to the performance of their duties than have the members of this Conference. It may be said that they have dined while they worked and worked while they dined. They have worked all of the time.

A few of the delegations presented written suggestions to the Secretary of the Treasury on their arrival here. Those papers have been printed and are in your hands. A few of the reports of the group committees—three or four—have been printed. A number—I should say seven or eight additional reports—have been handed in in manuscript. Others probably will be submitted in the course of the day. As the president of the Conference has stated, those that have been presented within the past twenty-four hours in manuscript have been turned over to the printer.

I have undertaken to make a brief summary of the group reports so far as they have been received.

The report of **Bolivia** presents a full review of the financial conditions and trade and commerce of that country, including its natural resources, particularly its minerals, rubber, timber, fruit, and live stock. It also deals with the question of railway extension and transportation, ocean and interior, and with the monetary situation, banking and finance. It suggests the organization of a central commercial agency in connection with or under the supervision of the United States Chamber of Commerce.

The group report of **Chile** recommends the adoption by the various countries of legislation; first, to facilitate the drawing of bills of exchange upon one another by the financial institutions of South American countries and the financial institutions of the United

States; second, to make bonded warehouse warrants and receipts available as collateral security for the development of international commerce. It recommends the advisability of permitting the payment of such part of the export duties on nitrates from Chile to the United States (such parts as are now paid in 90 days sight drafts, sterling on London), in 90 days sight drafts in dollars on New York, at such rates of exchange as may be periodically fixed by the Chilean authorities; also, that such changes be made in the laws of the United States as will enable bankers to extend their credit discount and rediscount facilities so as to conform to the trade customs and necessities of Latin America. It also recommends that a permanent inter-American commission be established to study commercial problems and conditions.

The **Colombian** delegates have submitted to the Conference comprehensive pamphlets dealing with the financial and economic situation in that country and with the question of public works. They recommend, first, special committees for each country, similar to those appointed in connection with this Conference; secondly, the cooperation of those committees in financial and commercial matters; third, the consideration of the establishment of a general executive council to meet in Washington at least once a year; fourth, the consideration of the appointment of a board of engineers to investigate projects which require financing.

The report of the **Costa Rican** group gives a full survey of the public finances of that country, its monetary situation, banking situation, and financing of private enterprises. It emphasizes the importance of longer credits to the extension of inter-American markets. The subjects of merchant marine and improved transportation facilities are very fully covered.

The report of the **Cuban** group, after a study of commercial relations, recommends that the high duties that hamper the importation of Cuban tobacco into the United States be ameliorated, and, in view of the abolition by the United States of import duties on sugar, that the principle of the reciprocal reduction of duties be extended by treaty stipulations, in addition to those that already exist, so as to preserve the principle of reciprocity as the foundation of trade relations between the two countries. This report also deals with the question of transportation and with those of the parcels post, the extension of credits, and the sending out of expert commercial travelers with samples. It also urges the making uniform, so far as may be practicable, of commercial laws and the extension of the system of arbitration for the settlement of commercial disputes.

The report of the **Dominican Republic** reviews the present state of the public finances in that country and suggests remedies for

present inconveniences. Particularly it advises a reduction of the duties on Dominican tobacco in the United States and the making of an adequate reciprocity treaty between the Dominican Republic and this country. The present banking situation and the extension and liberalizing of banking facilities are dealt with; also the financing, first, of public improvements, and, second, of private enterprises. There is, besides, a discussion of the extension of inter-American markets, while the development of the merchant marine and the improvement of transportation facilities are emphasized. Attention is drawn to the desirability of modifying the existing postal conventions in these particulars: First, the extension to the countries embracing the Pan American Union of the same letter rates as now exist between the United States, Cuba, and Mexico; second, the extension to those same countries of the same rates of newspaper postage as exist in the United States; and, third, the adoption by the same countries of uniform service for postal money orders and parcels post.

Conditions in **Ecuador** are very fully presented in a memorandum delivered to the president of this Conference before it met. The memorandum is full of suggestions as to the work that might properly be undertaken by this Conference. These suggestions are grouped under 11 heads, and in all embrace 32 different topics, and I may say that this paper was very useful in the work of the subcommittee of the committee on uniform laws.

The report of the **Guatemala** group contains a review of financial and commercial conditions of that country. It recommends: First, that practical demonstrations be given in Guatemala of agricultural machinery and tools made in the United States; second, that the attention of American manufacturers be drawn to the opportunity for the use of portable sawmills in cutting the woods of the country, and of improved sugar-cane machinery; third, that the shipment of wares be made in packages suited to the transportation facilities or requirements in the various countries; fourth, that the American manufacturers maintain in Guatemala City a permanent exhibition of their products; fifth, that a uniform postal system throughout the Americas be adopted; sixth, that there be a uniform classification of articles for the purpose of levying customs duties; seventh, that American merchants grant credits of not less than 90 days for the payment of purchases; eighth, that expert agents be sent out to sell goods; ninth, that facilities be afforded in American schools for young men from Latin America; tenth, that increased attention be bestowed in Latin American countries upon the study of political economy, finance, and business questions in the schools; eleventh, that professors and students be interchanged; twelfth, that the teaching of Spanish and of courses in the history and geography of Latin

America be more generally provided in the United States; thirteenth, that chambers of commerce be more generally established; and, finally, that the improvement of transportation facilities, the appointment of consulting commissions in each country, and the extension of banking facilities, be always borne in mind.

The report of the **Nicaragua** group, which is in type and which has probably reached your hands by this time, reviews the political, commercial, and financial condition of that country, describes its natural resources, emphasis the importance of improving banking facilities, draws attention to the fact that Nicaragua is a promising field for the investment of capital, and recommends a ratification by the United States of the pending treaty between the two countries.

The report of the **Panama** group makes recommendation in regard to the acceptance by local banks and dealers of coupon books issued by the Panama Canal Company, in the purchase of commodities, and certain changes in the practices of the commissaries owned directly or indirectly by the United States. It also recommends that discriminatory freight rates of the Panama Railroad Company be abolished; and that the use of the canal for transportation between the ports of Panama and Colon be secured freely. It also recommends that the Federal Reserve Board open branch banks in North, Central, and South America; that shipping facilities be improved; and that in sending out quotations or prices and in the drawing of drafts, computation be made upon the United States dollar.

The report of the **Salvador** group emphasizes the lack of commercial treaties between that country and the United States. It recommends the establishment of a chamber of commerce in Salvador; it strongly urges cooperation of banking institutions in establishing reasonable credits; and, lastly, the exchange of students and the wider dissemination of commercial and agricultural information.

The report of the **Uruguay** group deals, first, with the improvement of transportation—(a) by abolishing discriminatory duties, and (b) by granting direct or indirect subsidies to shipping, or both; second, with the adoption of the metric system of weights and measures, and meanwhile the making up prices, invoices, and bills of lading in the metrical unit. Thirdly, it urges that cheaper cable rates be secured, and that the governments undertake, in cooperation, the development of wireless telegraph systems. The report recommends the establishment of an international monetary unit and of improved banking facilities, the granting of more liberal credits, and the adhesion of the North American countries to the South American postal convention of Montevideo of June, 1910. The report further recommends the making of reciprocity arrangements; the interchange of students; and, lastly, the decrease of duties on the necessities of life and the adoption of progressive taxes on

inheritance, and also the cooperation of the governments forming the Pan American Union in devising and in enforcing measures to overcome frauds in these particulars.

This, gentlemen, is a summary of the group reports in so far as they have been received up to the present moment.

Secretary McADOO. I shall now ask the Secretary-General to be good enough to call the roll of the different countries, so that we may have such remarks as the delegates may care to make upon the subject of these reports. I may say that after the roll call a report will be called for from the Transportation Committee and also from the Committee on Uniform Laws.

Mr. MOORE. I beg pardon, Mr. Chairman; I find that I have overlooked the very full **Brazilian** report that has been presented. This report deals with the financing of transactions involving the importation and exportation of goods, with question of local and commercial banking and with the various questions of trade and of commerce. It recommends in particular first, that greater prominence be given in the public schools and other educational institutions of the United States to the study of the Central and South American countries, their geographical location, natural resources, government, and languages; second, that emphasis be given to the necessity of greater liberality being exercised in the interpretation of customs regulations by the United States and Latin America, especially with respect to the free entrance or drawback of duty on travelers' samples or other samples introduced into the respective countries solely for the purpose of promoting trade. It accentuates, in the third place, the necessity of the more effective protection of trade-marks; fourth, the facilitation of reciprocal business relations between merchants and manufacturers of both nations, the granting of such reasonable credits in both directions as may be safe and desirable, and the establishment of trustworthy means whereby merchants and manufacturers of either nation can determine with reasonable accuracy the financial responsibility of the purchasers of the other; fifth, the establishment is recommended between the United States and Latin American countries of a system of direct exchange based on the dollar unit of the United States; sixth, in order to facilitate the interchange of products adapted to the needs of American countries, it recommends the formation of bureaus of standards of the respective countries to standardize, in so far as possible, the requirements of each country, and recommends to the manufacturers and purchasers of the several countries the immediate recognition of such standards and corresponding weights and measures; seventh, attention is drawn to the favorable results which have followed the grant-

ing by Brazil and Cuba of preferential duties applying to certain products of the United States, and the extension of reciprocal tariff concessions between the Latin American countries and the United States is strongly urged; eighth, it emphasizes the extreme need of rapid, frequent, and dependable marine transportation service to provide adequately for the maintenance and development of commerce between the countries of North and South America; ninth, recommends that the postal rates now existing within the United States be extended to include the Latin American countries and made reciprocal, and that it is of the very greatest commercial importance that a parcels post and money-order system be generally established; tenth, urges the extension of direct telegraphic service, either wireless or cable, between all parts of North, Central, and South America, to be owned, controlled, and operated by exclusively American interests; eleventh, recommends to the press of all the interested countries that a more comprehensive and reliable system for the exchange of important news items be established.

Secretary McAdoo. I ought to say to the Conference that the reason Mr. Moore has not been able to summarize all the reports is that some have not yet come to the Secretary-General. When those countries are called I should like their representatives to give a brief outline or a lengthy outline, as they choose, of their reports.

(Hereupon the roll was called.)

REMARKS IN CONNECTION WITH GROUP REPORTS.

Argentina (Dr. Aldao): Argentina will have to wait until her report is in.

Bolivia (Dr. Calderón): As the result of our conferences we can see that there are certain things which it is the duty of all countries to decide, such as banking facilities for the benefit of the different interests of the countries.

Another point on which everybody seems to be in agreement is the subject of the liberalization of laws concerning the acceptance of samples, the reduction of the taxes on the men that go to sell, the facilitation of commerce, and, finally, the development of merchant marine. It would be useless to try to establish without a merchant marine any commerce or interchange of business between the countries.

There is another point, more of future interest, which the Bolivian delegation has thought necessary to point out, and that is the establishment of an agency under the supervision or the direction of the Chamber of Commerce of the United States. This chamber represents almost all the organizations of the country. The different reports submitted here will have no effect if there is not a

central agency where all these things could be gathered together. In Bolivia, for instance, there is need for the establishment of sanitation, for the construction of sewerage, and for other public necessities.

For example, in the proposal to construct a railroad, one could use that central agency for information from which he could learn not only of the facilities, but where to go and with whom to deal; and at the same time it would be possible for the people of the United States interested in that project to hear that the necessity existed. To-day, for instance, anybody coming from Latin America to make purchases in the United States has to go to firms already well known. The person coming to make such purchases may find himself absolutely in the hands of a speculator who might not always be looking to the interest of the country, but to his own. If we could have a central agency, that agency would notify the firms in the United States dealing in those special lines that such and such a country was in the market, and thereby competing bids would be received, and it would be perfectly easy to ascertain where to place those contracts here with all assurance of their being honestly carried out. I can give an illustration. When I first came to the United States it was for the purpose of contracting for railroad construction in Bolivia. I did not know to whom to go; I did not know how to commence the undertaking; but, fortunately, I struck a man who realized the possibilities of the plan and also was able to help with capital, and in spite of fear of touching the modesty of Mr. Vanderlip I would say he was that man. [Applause.] I was thereby enabled to deal with a firm capable of carrying out this contract, and when I made it I could say to my Government, "Here is an agreement made in the United States that will be carried out to the letter on their part; if we will perform our part they will perform theirs." That contract has been carried out during the last nine or ten years. What has been happening in other countries? They have lost thousands of dollars, and the United States has lost many contracts, because they have been undertaking their own work. The Latin American countries have no means to carry this out, and many of those with whom they attempt to deal try to speculate, to the disadvantage of the country. Therefore the establishment of such an agency, in the minds of the delegation of Bolivia, is a very necessary thing to insure the proper fulfillment of any obligations we may make here, and to afford a central point where we may go to acquire the information needed. I do not wish to take any more time of the Conference, but I wanted to call attention to this subject, which seems to be of sufficient importance to be taken into consideration and discussed.

Brazil (Dr. Cavalcanti): Mr. Secretary of the Treasury and gentlemen: Before you make your closing address may I be permitted to state that I am returning home very glad to be able to say

that the lofty purpose you have had in calling this Pan American Financial Conference has proved quite justified. Indeed, in the short time of a few days—but, fortunately, under your competent and highly intelligent leadership—the Conference has been enabled to reach its principal end—that is, to establish proper bases, upon which one can rely, with regard to the increasing and improving of the economic and financial intercourse between all the American Republics. Brazil, here represented by me, congratulates you and your government upon this deserving achievement. Let us, then, all of us, work in that direction; let us work in the spirit of common interest; let us work in the spirit of justice, peace, and fraternity; let us work finally on the behalf of the progress, development, and growth of all of our countries, and success can not fail to be the final result of our aims, endeavors, and efforts. [Applause.]

Chile (Dr. Izquierdo): Mr. Chairman and gentlemen, after the statement of the Honorable John Bassett Moore we believe there is not much more to add to our report. This report refers to the transportation problem and to the means of providing certain facilities for banking. I believe the reading of it will give sufficient information.

We have only to thank the Secretary of the Treasury for the trouble he has taken for us in this Conference and to express our appreciation of the many courtesies offered us while here. [Applause.]

Colombia (Dr. Ancízar): Mr. Secretary and gentlemen, the suggestions made by the committee of Colombia are more or less the same as those made by the Committee of Bolivia, and as the explanations given by Señor Ballivian, of Bolivia, apply, I really have nothing special to add. I only wish to thank you, Mr. Secretary, in behalf of Colombia for the efforts made to assure the success of this Conference and for the courtesies extended. [Applause.]

Costa Rica (Dr. Guardia): I have nothing special to say. My report explains itself.

Cuba (Dr. Desvernine): Mr. Secretary and gentlemen, I want to say that we have already, according to your suggestion, submitted a report, and there will be a memorandum, which we have made a source of general information on the matters we were to deal with.

We did not go at great length into the subjects under consideration because we have only had four sessions of about an hour and a half or two hours each on a program of which we were notified only when we arrived in Washington, and we understood also that in view of the little time we had in which to make a statement of our views and because of the varied program given us it was supposed that what was expected from us was a simple statement of the Group

Committee's conclusions. That is why we have made only a very short report, in which I hope that all the essentials in regard to the relationship between Cuba and the United States and with the other sister Republics are hinted at if not expressed as fully as they should be.

This is perhaps the last chance I personally shall have to see you, but I do not want to go back to my seat, much less to my country, without expressing to you our profound gratitude for your kindness, for your assiduous assistance and leadership in this Conference. I also wish to offer our respects to the President of the United States and to the Honorable Secretary of State, Mr. William Jennings Bryan, who has given us not only the pleasure and the honor of his presence here but also his cooperation and help. [Applause.]

Dominican Republic (Dr. Peynado): Mr. Chairman and gentlemen of the Conference, our Group Committee report has already been presented. We therefore wish merely to express our great appreciation of your courtesy and our hope for the success of the work that shall come from this Conference.

Ecuador (Dr. Gonzales): Mr. Secretary and gentlemen of the Conference, the report of Ecuador has just been handed to the Secretary-General. It was framed according to the questions submitted in the program, and in addition it has the honor to present thirty-two subjects for discussion. Unfortunately the time has been so short that it was not possible to take these matters into account. I should like, however, to ask the Conference to take some action on a very important point which has been absolutely disregarded. It is on the subject of banking. What is the use of attempting to establish branches in Latin-American countries, which we desire and which this country desires to establish, if there is no law providing for them? So far as I know, there is not a single law in South America or in Central America whereby branches of foreign banks have been given any legal status in those countries. They are tolerated, they are permitted, but they are not regulated by law. I think it would be very important to recommend to the different Governments the adoption of such legislation as would be suitable to each one tending to give the branches of foreign banks a legal standing. The same is true in regard to foreign corporations. I have had some experience of that in New York, and I have seen the troubles which arise every day there through the lack of provisions in Latin-American countries in regard to the standing of foreign corporations.

With regard to money, we are requested to recommend the adoption of the gold standard to the Committee on Uniform Laws. We, however, advise the advantage of forming a Pan American money union, so that the currency of each country may circulate in the others under certain restrictions. Also, the listing in this country of

the securities of Latin American countries. Thus far Europe has been the market for Latin American securities. These securities have not been floated in the United States. Many of them might find a market here if the people knew something about them.

There are other recommendations, Mr. Chairman, that I will not take the time to present now, but I think that these remarks, together with the report of the delegation, will surely be of some benefit later.

I wish to take advantage of this opportunity to thank various persons, especially the group committees, for the attention they have given and the pains they have taken with each one of these subjects. The American business man is considered all over the world to be a very selfish creature, but I think he has given us proof of something entirely different. These gentlemen whose time is very valuable, sometimes worth many thousands of dollars per hour, have sacrificed one whole week of their time to listen to us, expecting nothing from it but the common good of all. [Applause.].

Guatemala (Dr. Sánchez Ocaña): Mr. Chairman and gentlemen, we, the delegates from Guatemala, have just listened to a summary of the recommendations submitted by the Guatemala Group Committee report to the Conference and have nothing to add to it. We desire, however, to avail ourselves of this opportunity to express once again our thanks to the Government of the United States for the kind invitation extended to the Government of Guatemala to be represented here. We congratulate the Secretary of the Treasury for the great success his efforts have had, and we beg him to convey our congratulations to every official of this Republic. During these days of unrelenting effort the seed has been sown, we believe, which will most certainly bear much fruit, as the various suggestions formulated at this time are carried into effect. On the Treasury Department of this country will rest the duty of taking up the needs and conditions as they have been outlined here, and of giving them practical shape, which will conform to the lofty purposes that this government had in view in calling the Conference together and the other governments of this continent had in attending.

We desire to offer our thanks to the Honorable Secretary of State and the Secretary of the Treasury for the gracious marks of attention we have received from the moment we landed in this country. Our stay amongst you will always be a most happy memory. We beg to be allowed at this closing session to express our gratitude to the representatives from the United States on the Guatemala Group Committee for the breadth of vision, the good will, and the loyalty with which they worked in the preparation of the suggestions we have just had the honor to submit to this distinguished assembly.

Honduras (Dr. Córdova): Mr. Chairman, gentlemen, I beg to submit the Group Committee Report prepared by the Honduras dele-

gation with the assistance of the representatives from the United States on that committee. Honduras has faith in the success of this Conference and believes that in due time practical benefits will come from it. The Honduras delegation thanks most cordially the Secretary of the Treasury for the many courtesies it has received. Gentlemen, we do not wish to say "Good-by," because this word has an unhappy significance; I would rather our parting be "Au revoir."

Nicaragua (Mr. SOL WEXLER—New Orleans): Mr. Secretary and delegates to the Conference, I have the honor to have been requested by the Honorable Doctor Pedro Rafael Cuadra, chairman of the Nicaraguan Committee, to say a few words on the report which that committee has submitted, fortunately in time to have been printed, and of which copies are here available. In that report reference was made to the present stable political conditions existing in the Republic of Nicaragua at this time, due to the very excellent and patriotic government of the President, Dr. Adolfo Diaz. It has been shown to us by the representatives of that country that the affairs of Nicaragua are at this time administered in such a manner as to inspire the confidence of the investing public throughout this country, and, in fact, every other country seeking investment in foreign lands. We have also referred in this report to the wonderful resources of the Republic of Nicaragua; in fact, showing that it is a veritable El Dorado for the agriculturist, the miner, the merchant, the banker, and the lumberman; and we have said in this report that if the present established and peaceful conditions can be assured we believe that ample capital will be forthcoming for the development of these resources. In that connection full explanation has been made to us of the pending treaty between the United States and the Republic of Nicaragua, and we have strongly recommended in this report the adoption of this treaty by both Houses of Congress at the very next session, as we believe that it will insure for all future time absolutely the present favorable state of Nicaragua and will do more to encourage capital in the development of that great country than any other one thing that can be done.

I am going to refer briefly to the conditions of that treaty, as follows:

The pending treaty between the United States and Nicaragua gives to the United States important naval bases—that is, Little and Great Corn Islands on the eastern coast of Nicaragua and Fonseca Bay on the western coast. This latter bay is the only available port or harbor between California and Panama on the Pacific coast. At least, it can be seen that these two bases furnish a means of defense to the eastern and western approaches to the Panama Canal. In addition, the United States obtains exclusive right to the only re-

maining interoceanic canal route on the continent, and even though the necessity might not arise for another canal, nevertheless our investment in Panama of \$500,000,000 is safeguarded by acquiring this alternative route for \$3,000,000.

The psychological and moral influence created by these acquired rights will have a tremendous effect in affording all foreign investors alike the economic and political stability necessary for the development of the vast natural resources in Nicaragua.

This treaty has been approved by both of our political parties. It creates no entangling alliance. It does not establish a dangerous precedent, because it is simply a purchase and sale of something that no other country has.

It should not be considered as transgression on sovereignty, because it will pacify revolutionary tendencies and furnish a firm foundation for independence and democratic government, contrary to conditions under the old régimes which so often invited interference.

Because of the geographical position of Nicaragua, in the very heart of Central America, whatever is done there will radiate its influence throughout the adjacent Republics, and we believe for these reasons, as well as for very many others which might be cited and which it is useless to refer to here, that these treaties should be adopted at the very next session of the United States Congress, and that all of us Americans who have any influence with our Representatives should endeavor to explain, as far as lies within our power, the advantages which will accrue by the adoption of this treaty not only to Nicaragua but to the United States and to all of its commercial and financial interests as well.

We have also referred in this report to the desirability of an amendment to the United States national banking laws, which shall provide that banks be permitted to subscribe, within a certain limited specified proportion of their capital, in the stock of banks located in foreign countries. At the present time banks with a capital of a million or more dollars may establish branches in foreign countries. This provision, therefore, naturally excludes all banks having less than a million dollars capital from participating in the benefits of a foreign branch, which is a wise provision of the law. But some of us are of the opinion that if the law could be so modified that a certain reasonable percentage of capital and surplus might be invested in foreign banks, that a number of banks located throughout this country might be willing to participate to a certain extent in the establishment of banks in foreign countries. By this means they would not run the great risk which might be incurred by the establishment of a branch bank and by entrusting to the manager thereof the entire resources of the parent bank. By this proposed

amendment the risk would be so divided by the taking of an interest in various banks located at different points that I believe it would appeal to the patriotism and business acumen of nearly all the bankers of this country.

Having finished the outline of the report of Nicaragua, I desire, Mr. Chairman, to express to you my appreciation of the opportunity which your kind invitation has afforded me of participating in the Conference which has been held here during this week. I also wish to express the appreciation of the city of New Orleans, the second largest port in the Western Hemisphere, of the motives which have actuated you in calling this Conference, for we of New Orleans feel that whatever good may come of it—and we believe great good will result—the city of New Orleans will probably be the greatest beneficiary of all of the cities of the country. We believe that, because we are in the closest proximity to all of the Central American States and to all of the South American countries lying on the west coast. We are some five hundred or six hundred miles nearer to the canal than the city of New York; we are several thousand miles nearer to Chile and Boliva and Peru than either San Francisco or New York; and we have this additional advantage, that the city of New Orleans possesses publicly owned wharf, terminal, and warehouse facilities, which enable it to give cheaper docking and warehouse privileges than any other city in the country. In other words, a steamship or railroad line can come to New Orleans at any time and obtain identically the same privileges which any other railroad company, however long it may have been there, or any steamship line, however many years it may have touched at that port, can possibly receive. We are, however, Mr. Chairman, opposed to government-owned ships. We of New Orleans feel that it will be vastly more advantageous to the commerce of the whole country if the establishment of a merchant marine could be done by private enterprise rather than by government ownership. We will not say we do not believe that perhaps some compromise between the two is feasible, but we feel, as we have had reason to feel, that the establishment and operation of lines of ships by the government will lead to the ever-recurring weakness of our form of government, namely, constant logrolling and efforts to have the ships leave from a particular port, and the port having the greatest influence in Congress naturally will get the ship line. We believe that government assistance is absolutely necessary to the establishment of a merchant marine. We do not believe that capital can be procured for it without government assistance, because capital will not make the investment unless it is assured of a reasonable return. And while we realize that the question of subsidies is more repugnant to our political parties than to their individual members,

yet, although frequently parties rather misunderstand and misinterpret the views of the general public, they very often tend to mold those views.

In my intercourse with people at large I find in their desire for the establishment of a merchant marine no very decided opposition to its being placed upon some basis by somebody, or to a subsidy that will enable it to be a paying enterprise, or at least enable it to be established; and I believe it is along some such line that we shall be compelled to establish eventually our merchant marine.

I thank you very much for the courtesies which we have received here, and for the opportunity of saying a word to you at this time. [Applause.]

Secretary McADOO. The Secretary of State desires to say a word to the audience.

Secretary BRYAN. MR. CHAIRMAN AND GENTLEMEN, I have asked the Secretary of the Treasury to allow me to say a word in regard to this treaty. I need not tell you that it is a matter in which the department with which I have the honor to be connected has been deeply interested. And I desire to add just this word, which probably could come more appropriately from this Government than from the committee.

It has been suggested that this treaty with Nicaragua is in some way antagonistic to the interests of other Central American Republics. When we learned that there was uneasiness lest the treaty might interfere with the rights of adjoining countries, we gladly stated that we would amend this treaty so that it would specifically provide that none of its terms should in any way affect the rights of other countries of Central America. [Applause.] We did not regard this amendment as necessary, because nothing that Nicaragua and the United States could do by treaty could possibly affect the rights of any countries not parties to the treaty, but in order to contribute to a sense of security we have been very glad to offer this assurance, and we have done it with the approval of Nicaragua. You will find, when the treaty is ratified, that it will contain an amendment that will specifically declare that no other country is to be in any way injured by any of the rights therein conferred; and we have gone further and said to Costa Rica that we are perfectly willing to make a treaty with her, purchasing an option on her interest in the canal route, just as we are purchasing an option from Nicaragua. And we have also stated to Honduras and to Salvador that we shall be pleased to make with them arrangements for a lease of land for a naval base similar to that made with Nicaragua. The lease with Nicaragua gives us all the land we need for a naval base

upon the shore adjacent to Nicaragua, but, in order to show our entire impartiality, we are perfectly willing to treat with all adjoining nations in exactly the same spirit and upon the same terms, and we want them all to understand that nothing that we do with any of them is at all prejudicial to their interests as they are related to each other; that we shall be more than pleased to have them all confer and consult with each other about all matters that affect the welfare of Central America. [Long applause.]

Panama (Dr. Arjona): Mr. Chairman and gentlemen, the Panama committee, whose chairman I had the honor to be, agreed yesterday that Mr. Penfield should explain to you what had been done at our meetings. His absence imposes upon me the task of giving you an idea of our work. All questions relating to the trade and commerce, the fiscal and economic conditions of Panama—and they have been of great moment—were considered by the Group Conference Committee in a broad and high spirit of justice. The distinguished American representatives who shared our labors gave proof of lofty purposes, which we deeply appreciate. It only remains for me to present to the Secretary of the Treasury the sincere appreciation of my Government and of my people for having afforded us the opportunity to place our needs before the Government of the United States over which that great statesman Wilson presides, ably assisted by the distinguished Secretary of State, Mr. Bryan.

Paraguay (Mr. William Wallace White): Mr. Secretary, the report of the Paraguayan committee has been placed in the hands of the Secretary-General, by whom it will doubtless be submitted to Mr. Moore, and the delegation will be glad to leave the matter in the hands of that able gentleman.

Peru (Dr. Alzamora): Mr. Secretary, I have the honor to submit a few remarks on the report of the Peruvian delegation, which was handed in this morning, together with others, by the different secretaries of the group conference committees; and I understand that you now have before you a printed copy of that report, and I ask, in your discretion, that it be acted upon favorably.

The only thing I have to add to that report and to the memorandum to which it refers is that the Peruvian committee has worked along the lines wisely suggested by the Secretary of the Treasury. During all of the time of this session the members of this committee have understood one another and have harmonized entirely with the views expressed by the Secretary of the Treasury. They have been guided by a sentiment of common friendliness, consideration, and sympathy. Here is the first practical result of this Conference. It is perhaps the most fundamental of all of the results to be expected. It has, I think, also been attained by the other committees.

There are a great number of men in this Republic who have worked in connection with those from the other Republics, and we think all have been reciprocally benefited and that the sentiment has been one of harmony. Of course this feeling will extend here and abroad in the Republics of Central and South America, and it will afford a common link between these peoples, formerly so separated, which will shortly tend to make them more united. I think another impressive and profound result will arise from this common understanding between the peoples of North, Central, and South America. It has often been said that the best bargain is that which gives equal benefit to the two contracting parties. It has been a rule so very often quoted that its force has been lost in the remoteness of time, so that never in any country or continent has its observance been possible. To-day a very notable thing occurs. A school of philosophers has proclaimed the responsibility of promoting, not only practically but theoretically, this principle of ethics; and this gathering here is laying the foundations for attaining it. If the beginning here made produces in the near future the result to be expected, a new ideal will arise by which the practical life of business will harmonize with the principles of justice and of sympathy and of love among men. [Applause.]

CONTINUATION OF SUMMARY OF GROUP REPORTS.

Mr. MOORE. A summary of the **Peruvian** report shows that it recommends the adoption of a uniform monetary standard for all American countries; the extension of local banking facilities; the establishment of a system of obtaining information as to the financial and business standing of merchants in the various countries. It also emphasizes the importance of a system of arbitration of commercial disputes, and, finally, it presents the question of a merchant marine and improved transportation facilities as a subject which overshadows all others in importance.

CONTINUATION OF REMARKS IN CONNECTION WITH GROUP REPORTS.

Salvador (Dr. Quiñónez): Mr. Chairman and gentlemen, I have nothing to add to the subject of finances which we have had under consideration. Inasmuch, however, as certain matters have been treated here which very closely bear upon our commercial interests, I desire to manifest our acceptance in an indirect manner of the words pronounced by the President of the United States in his address of welcome, and a few moments ago by the Secretary of State, when he remarked that all the Latin-American Republics would receive an equal share of respect and consideration, no matter how small they

were. May I be permitted to remind you that Salvador is, in point of territory, the smallest of these, but that she is ever appreciative of the honors and respect shown her by the big nations, such as the United States. I take this opportunity to express to the Government of the United States the respect and consideration in which it is held.

Uruguay (Dr. Cosio): Mr. Chairman and gentlemen, I desire to say a few words—for I do not wish to tire you—on three points touched on in the program of the Conference, in order to avoid what may appear to be a contradiction were no explanation made. Before leaving Uruguay the subjects we would take up were determined upon by the President of the Republic, for although we had not yet received the list of topics suggested for the Conference our delegation, nevertheless, presented certain memoranda. The Conference took the form of group committee meetings for each country and of two general committees, one on transportation and the other on uniformity of laws. This circumstance has caused our committee, as well as others, to submit conclusions at the same time as the special committees presented their suggestions; and in the case of Uruguay it has happened that these general committees have offered still further resolutions, with the approval of the Uruguay delegation. This is what I have referred to as an apparent paradox. In effect one of the general committees acted first in accordance with its own ideas, and later with the conclusions arrived at in the group committees, but those resolutions were adopted in conformity with the views and tendencies of the Uruguay delegation.

With regard to inter-American commercial relations the government and people of Uruguay have decided to support the principle of customs privileges among the countries of this hemisphere. By this we mean that the products at present sent to foreign lands and totaling millions of dollars yearly, should find their way preferably to American markets on the basis of reciprocity. The resolution adopted is general in character, and is an evidence of our desire to foster the idea of Pan Americanism with practical commercial results. Were it to be otherwise Pan Americanism would be merely idle talk. I wish to call attention to one of the important conclusions, namely, that responsibility be made the basis of the many commercial operations undertaken. I am going to beg the chairman to allow Mr. Rovensky to say a few words on the importance of these propositions, one of which—and I deem it of great value—was presented by the Uruguay committee, composed of the vice president of the National City Bank of New York, the first large American bank to establish branches in South America, and of other no less distinguished men.

Secretary McAdoo. Gentlemen, the time has arrived when we should adjourn in order to meet the President. Immediately upon reassembling this afternoon we will begin where we have left off and finish. I would suggest that we meet punctually at 3 o'clock. Heretofore we have been allowing thirty minutes' leeway. We will now adjourn until 3 o'clock.

When you arrive at the White House I beg that the foreign delegates will arrange themselves in alphabetical order so that they may be presented in that way to the President. The American conferees will kindly fall in immediately behind our foreign guests and be thus introduced to the President.

(Accordingly, at 12.15 p. m., the Conference adjourned.)

SEVENTH SESSION

SATURDAY AFTERNOON, MAY 29, 1915

SEVENTH SESSION, SATURDAY AFTERNOON, MAY 29.

The Conference reassembled at 3.10 p. m., and was called to order by the Honorable William G. McAdoo.

MISCELLANEOUS BUSINESS.

The Secretary-General, Dr. ROWE. I desire again to call the attention of the delegates of the countries represented at the Conference to a request made several days ago in writing and repeated from the platform that the delegates from Central and South America select one of their number to speak at the banquet this evening. That is, to have one representative to speak for all of the delegates represented at this Conference.

Dr. PEARSON. May I answer that the South and Central American delegates have chosen the best person possible to represent them, namely, Dr. Pérez Triana, who has accepted the honor and the pleasure. [Applause.]

Secretary McADOO. Upon adjournment this morning Uruguay had the floor, and I understood from the Uruguayan delegation that you wished Mr. Eldridge to make a few remarks upon a feature of your report which you had not touched upon. I will therefore ask Mr. Eldridge to speak for the Uruguayan delegation now.

REMARKS IN CONNECTION WITH GROUP REPORTS.

Mr. H. R. ELDRIDGE (New York). Mr. Chairman and delegates to the Financial Conference, the **Uruguayan** delegation is, I think, as well prepared to handle the various subjects suggested by the Secretary of the Treasury in calling this meeting as any other delegation could have been. None of their suggestions was more interesting than those pertaining to credits. They had requested Mr. J. E. Rovensky (New York), one of the representatives of the United States attached to their group committee, to explain their attitude. As Mr. Rovensky left for New York at two o'clock they have asked me to make their statement in his stead.

They realize that the merchants of the United States in the course of time could perhaps equip themselves for ascertaining the standing of the various firms and houses with which they do business in South America as well as the merchants of any other country. But

they feel that since it is particularly desirable at this time that the best efforts should be made promptly to put the merchants of this country in such a position that they may more intelligently deal with the business houses of South America and Central America, it would be wise to urge upon the merchants of those countries the wisdom of making to the business world of North America, wherever requested, such statements of their financial condition as will permit business to be more speedily transacted. In turn, that the merchants and firms of Central and South America shall be furnished with similar statements of conditions by United States merchants whenever requested. They respectfully urge that this basis for a quicker interchange of financial credit information be adopted by all the countries.

I wish also to remark that the representatives of the United States are particularly pleased with the invitation extended by the delegates from Uruguay that members from the United States be requested to visit, as their guests, the various countries of Central and South America within the next six months. I can not emphasize too much the value of such a visit on the part of our business men. There is nothing that brings about a firmer or better basis between the merchants of one section with those of another than a close and intimate personal acquaintance. Day by day and year by year the merchants and business men of this country are realizing in greater degree than ever before how great a part personality plays in business. We must learn to adapt ourselves to the methods and ways of doing business which those with whom we seek to deal have long adopted as their standard, and they in turn must bear with us until we can reach that happy medium where we all understand one another better than we have ever done before. I believe that this Conference has accomplished much to bring about that desired result, and I am sure that the foreign delegates who have honored us with their presence will go back to their homes with a much better feeling, a much better disposition toward the people of the United States than they have ever had before. I am well satisfied, too—in fact I know—that the representatives from the United States have words of praise only, not merely on account of the personality of the gentlemen who have honored us with their presence, but because of the high standards of business life and social life they represent. I thank you. [Applause.]

The Secretary-General, Dr. Rowe. We did not conclude this morning the calling of the roll of Republics represented. The next in order is Venezuela.

Venezuela (Dr. Rincones): Mr. Chairman and gentlemen of the Conference, I have the honor to present to you the report of Venezuela. I do not come here to add anything to what has already

been said by the speakers who have so ably discussed the subjects and the program of this Conference which has brought us together under the roof of the Pan American Building. I came here merely to express once more my gratitude, not only for the friendly and very cordial reception tendered us by the high officials of the Government of this great Republic, but also for the social courtesies extended to us by the people of this beautiful capital, which bears with honor the name of the Father of his Country. [Applause.]

I wish further to express an ardent hope that the efforts of this great nation on behalf of closer relations with the other independent States of the New World may attain a real success and bring about closer fraternal ties between all the countries of this hemisphere under the auspices of liberty, equality, and fraternity. When this end has been attained posterity will say, "The United States of America made possible the United American States—united in the bonds of friendship and common ideals." [Applause.]

GROUP REPORTS SUMMARIZED.

Argentina (Dr. Aldao) : Mr. Chairman and gentlemen of the Conference, I have to summarize the work of the Argentine Group Committee, and while it probably would have been wiser to use my own language, I shall nevertheless try to avoid imposing upon your patience and kindness.

In the first place, allow me to express my appreciation to the representatives of the United States who have been kind enough to participate and cooperate so efficiently in the labors of the Argentine committee. I have here its report, and I will try to summarize the conclusions to which we have come.

The discussion centered upon the following general headings: First, transportation. As the chief object of maritime transportation will perhaps not be realized in the very near future, being in the meanwhile only a cherished hope, the Argentine Group Committee, secondly, deems it advantageous to secure, if possible, cheaper cable communication between the United States and the Argentine Republic. The present rates are, in our opinion, rather high, from the fact that there does not exist one single direct cable between the United States and Argentina. It is necessary to transmit our messages to Argentina over more than one line, which means more than one profit. For this reason the Group Committee has suggested that your government and perhaps those of other countries interested cooperate, in order to get as soon as possible cheaper communication of this kind.

The third point treated refers to banking facilities, or, rather, to increased banking facilities. As the report, in my opinion, is ex-

tremely complete upon that subject, I think that a quotation from it will save your time. I therefore quote as follows:

Resolved, That this committee favors the establishing of such banking facilities between the United States and the Argentine Republic as will affect a more intimate and reciprocal relation than now exists, based upon mutual cooperation and profit.

A matter especially treated by our committee refers to trading facilities. We have considered in the first instance that it is useless to make an effort in regard to transportation, since the import trade in Argentina is not in the hands of the Argentine people. The Argentines devote their activity, energy, and capacity mainly to the cattle industry and to agriculture, and the importation of goods is in the hands of foreigners, especially those of English, German, French, Italian, or Spanish nationality. Therefore it is quite natural that the foreign establishments in Argentina generally prefer to treat with their native countries. This is the principal reason why the interchange between the United States and Argentina has not reached the high degree it really deserves; although the United States produces the same things, using the best materials, manufactured in the best manner, and has all the conditions necessary to compete successfully with the European manufacturers. To get the same result it will be necessary for Americans to follow this method. The United States should establish expositions, show-rooms, and boards of sale where American goods can be exhibited, and in this I share the opinion of my colleagues. We have talked at length on this point, and have agreed that as soon as American manufactured goods are known there will be an active demand for them in the Argentine market.

Finally the Group Committee gave much thought to a point considered essential. This is the question of litigation that may arise between citizens or residents of the United States and of the Argentine. The ordinary recourse is to appeal to the courts, to submit to expensive, long drawn-out proceedings and delays, necessitating the employment of lawyers. We believe that international trade in order to be increased requires that all those difficulties be avoided, the expense saved, and no lawyers employed. I say this, although I am a lawyer. [Laughter.] To attain a result so interesting there is only one means. That point has been thoroughly considered, and our committee—taking advantage of the fact that the committee of the United States Chamber of Commerce was meeting at Washington—decided to approach that important body on the subject, and Mr. Vanderlip, of our committee, was delegated to confer with the Chamber of Commerce of the United States. We are extremely pleased to inform you that the Chamber of Commerce has decided to assist us in every way possible in the effort to secure that very im-

portant end. Arbitration, we conceive, is the only method that will solve disputes arising between merchants of different countries. Of course, such an idea can not be set on foot and results attained immediately, but we are going ahead with the matter, and we wish to inform you that next Saturday a committee formed by Mr. Fahey, president of the United States Chamber of Commerce, Mr. Vanderlip, and I are to meet in New York in order to try to perfect a plan which will be submitted to the boards of trade in both countries, and we hope that out of it a definite project may be devised to enable the merchants in the United States and in Argentina to solve any differences they may have. [Applause.] We hope it will be the first proof of the benefit to arise from this splendid Conference, due to your efficient guidance, Mr. Secretary.

I think, in the main, this is the result of the work of the Argentine committee. In conclusion, I wish again to thank you for having given us this opportunity of meeting and of knowing and becoming known to you. [Prolonged applause.]

Secretary McAdoo. The Honorable John Bassett Moore will now finish summarizing the reports not covered by him this morning.

Mr. Moore. Mr. Chairman, I will first take up the report of **Ecuador**, which has come in since the morning. It refers to the subject of public finance, the monetary situation in that country, the present banking situation, and the subject of financing public and private improvements. It also treats of the extension of inter-American markets, of the improvement of merchant marine and transportation facilities, and of better regulations for commercial travelers and their samples.

I referred this morning to the previous very full memorandum presented by the Ecuadorian delegation to the Secretary of the Treasury at the opening of the Conference.

The next report which I have to summarize is that of **Honduras**, which deals first with the public revenues and expenditures as affected by the war in Europe, the measures or remedies to meet the situation, and the possibilities of international cooperation. It deals also with the monetary and banking situation, and recommends the establishment of branch banks and direct exchange. It also treats of the financing of public improvements—first, by national loans, and, secondly, by provincial or State loans; likewise, the financing of private enterprises, including railways, tramways, and electric-lighting companies. It recommends an improvement in the laws relating to trade-marks and the classification of merchandise, and urges the extension of inter-American markets by more liberal credits, acceptances, and discounts, and the employment of the dollar

exchange. It strongly recommends the improvement of transportation facilities, of the postal service, and of the parcels post. Honduras, it is stated, will—in the manner indicated in its report—stand ready to grant subventions to steamship lines. It indorses the Argentine proposition as to the arbitration of commercial disputes.

The next report, which has just come into my hands, is that of **Paraguay**. It, too, deals with the internal monetary situation, recommends the improvement of banking facilities, points out the need of foreign capital for the development of Paraguayan resources, showing the existence there of a profitable field for investment of capital from the United States. It strongly urges the establishment of a system of obtaining information as to the financial and business standing of merchants of the countries concerned and also indorses the proposal for the establishment of a system of arbitration for commercial disputes.

REMARKS IN CONNECTION WITH GROUP REPORTS.

Dr. VELÁZQUEZ (Paraguay). Mr. Secretary, ladies, and gentlemen, we find nothing to add to nor to qualify in the able summary made by Mr. Moore, unless it be to emphasize the point that Paraguay will see with much satisfaction the establishment there of a branch of a North American bank, and gives renewed assurance to the investors of this country that their capital will find there sound investment and large and certain returns.

The delegation of Paraguay avails itself of the opportunity afforded by this last general session of the Financial Conference to express the sincere pleasure it has derived from its participation, modest though it has been, in the great work for which the Conference has been convened.

If the magnitude of the task, even when undertaken competently and with tenacity, is beyond what human endeavor could fully accomplish in the short term dedicated to this labor, it is not to be doubted that the final result will be both extensive and beneficent.

A mere glance over the field covered makes it clear that the subjects discussed and the ideas advanced lie at the foundation of that monument which the American Continent is endeavoring to build for the prosperity and welfare of all.

We can not conclude without expressing our special appreciation of the happy inspiration of the honorable Secretary of the Treasury in placing in friendly and intimate contact the North American experts and the delegates from the other Republics, an act which will without any doubt continue to yield fruit in every country concerned, through the perfect knowledge obtained of conditions in financial and economic matters.

Our last words could not be other than to express our cordial thanks for all the consideration and good will found among the members of this Conference and for the unbounded courtesy and hospitality extended to us by the Government and the people of the United States, for whose continued prosperity and everlasting greatness we formulate our most sincere wishes. [Applause.]

GROUP REPORTS SUMMARIZED.

Mr. MOORE. The next report is that of **Peru**, which recommends the establishment of branches of American banks in that country and advises that steps be taken by the United States financial institutions to facilitate the placing of loans in South America. It urges uniform customs regulations; the adoption of methods in the United States to place the resources of the country at the disposal of foreign commerce; the establishment of bonded warehouses and the issuance of receipts or warrants which will be accepted by banks as security for loans; the establishment of exchange on the dollar basis; and the appointment of an international commission to deal with the various questions mentioned. It also treats of the need of improved transportation facilities, and again indorses the proposal for the arbitration of commercial disputes. It finally recommends that the countries which have not as yet done so adopt pure food and drug laws.

In connection with this recommendation the report asks special attention to an accompanying memorandum signed by Mr. Eduardo Higginson, the Peruvian delegate, and approved by Dr. Isaac Alzamora, chairman, in which information is given regarding the present situation in Peru, the desirability of investments there.

It touches upon the possibility that when the present conflict in Europe is over it may be necessary to exercise vigilance and to be energetic here unless trade should tend to revert to former channels. No doubt the American merchants will be alive to that. This memorandum recommends the establishment of American banks in Peru, also of branches of American manufactories and the formation of agricultural, land, and real estate banks, the want of which is greatly felt in Peru. It refers to the importance of improving domestic as well as foreign transportation, of the establishment of direct passenger service under the American flag to Callao arranged so as to avoid quarantine difficulties. It also urges the reduction of cable rates and points out the need of high-power wireless stations in Peru.

In conclusion, it states that perhaps the measure of greatest necessity is that which deals with the condition of foodstuffs coming into Peru. The laws of the United States governing this matter are very strict, and properly so, and therefore it recommends that the benefit

of the pure food and drug laws be extended to importation and exportation in all Pan American countries.

The last report which I have to summarize is that of **Venezuela**. It deals with the subjects of merchant marine and ocean transportation, and of improved postal facilities; and a summary is given of Venezuelan trade. It urges the extension of inter-American markets by the establishment of more liberal credits. It indorses the project for the arbitration of commercial disputes. It advises that our newspapers and periodicals should more rigidly examine material that comes to them, particularly that which contains an element of liveliness, based upon supposed troubles that do not actually exist. [Applause.] It treats of the desirability of the development of public utilities, railroads, and public improvements. Much information is given as to the monetary system of Venezuela and to the present state of the public debt.

Secretary McAdoo. Gentlemen, that concludes the group reports, and I would like to ask the delegates if they will be good enough to supply copies of these reports in Spanish, because it will facilitate the work of publication.

I would now like to call for the report of the General Committee on Transportation and Communication. Who will make that report?

COMMITTEE ON TRANSPORTATION REPORT.

Dr. PEARSON (Argentina). Mr. Secretary and gentlemen, having been honored with the chairmanship of this very important committee, I will only say a very few words, as I have handed in the report signed by twenty of the twenty-two members who composed the committee. Unfortunately the other two could not sign it, as they had to go to New York yesterday before it was ready.

It has been the unanimous opinion of all of us—North Americans and South Americans—that there is absolute necessity, in the interests of commerce and for a better knowledge of each other, that some method be arrived at for the establishment of fast steamship communication between North and South America. At our first meeting we thought it might be convenient for the South American Republics present at this meeting to constitute themselves into a commission so as to have more liberty to formulate their opinions. This committee was subdivided because of the east and west coasts. The full committee met and presented a very brief report, recommending that the president of this Conference should appoint a permanent commission to bring about the best means of attaining the desired end.

It is useless to go on, because everybody knows that we want fast steamers, and fast steamers are the basis and the foundation of bank-

ing, trading, and all sorts of commercial relations. [Applause.] It is useless—I mean, it is a little premature—for us to try to establish commercial relations, if we find we can not get there. The first thing is to get there, and then business will follow.

Mr. Chairman, I do not wish to leave this platform before saying one word to thank you very specially for having invited us in this friendly and informal fashion, because we have met here as if we were all sons of one house, belonging to the same group; and I am sure it would be a great pleasure to all of us Latin Americans if in a very short time we could have a visit from you, Mr. Secretary [applause], in order that you could see with your own eyes what our countries are worth, and then have a good opportunity of formulating some project which would be of mutual interest and advantage to all. [Applause.]

Secretary McAdoo. I will now ask the Secretary-General if he will read the Report on Transportation.

The Secretary-General, Dr. Rowe:

REPORT OF THE GENERAL COMMITTEE ON TRANSPORTATION AND COMMUNICATION.

Your committee on transportation and communication resolved that a subcommittee to be composed of one member from each of the South American countries represented on the general committee, confer and report back any plan or plans for the inauguration of more regular, rapid, frequent, and up-to-date communication between these countries and the United States which seemed to them practical of accomplishment.

This subcommittee composed of Messrs. Aldao, Cavalcanti, Gonzales, Alzamora, Cosio, and Vergara, submitted two reports, one signed by Messrs. Aldao, of Argentina; Cavalcanti, of Brazil; and Cosio, of Uruguay; and the other by Mr. Vergara, of Chile.

These two reports are designated respectively as "A" and "B."

Report "A," submitted to the general committee on transportation and communication by Messrs. Aldao, Cavalcanti, and Cosio:

The Pan American Financial Conference begs to suggest the advisability of calling for bids not later than December 31, 1915, for the establishment of a regular line of fast mail steamers between United States ports and Rio de Janeiro, Montevideo, and Buenos Aires, under the following conditions:

Steamers to have at least 10,000 tons displacement; to make at least two trips per month, with accommodations for at least 150 first-class cabin passengers; with refrigerating arrangements; and to complete the trip between United States ports decided upon and Buenos Aires, pier to pier, in not more than 15 days.

Bidders to state the compensation demanded, and the period of the contract.

As part of the compensation for services rendered, said vessels to be exempt for five years from all fiscal charges in the respective countries and to enjoy all facilities granted to any other vessels.

Bids to be acted upon within three months and preference to be given, all other conditions being similar, to whoever will provide for earlier inauguration of the service.

The Governments of the respective countries to agree upon the proportionate charges to be paid by each and upon all other details.

(Signed)

ALDAO.
CAVALCANTI.
COSIO.

Report "B," submitted to the general committee on transportation and communication by Mr. Vergara, of Chile:

In the conference of to-day of the subcommittee the Minister of Finance of Uruguay, Dr. Cosio; the delegate of Argentina, Dr. Aldao; and the undersigned delegate of Chile formulated three separate projects for the establishment of fast maritime transportation between the interested countries.

In view of this fact and of the circumstance that the delegates of Colombia, Venezuela, Panama, and the Republics of Central America had expressed in the general meeting of the conference that their respective countries for the present have no interest in the proposed question it was agreed:

(a) That there should be only two lines of fast steamers; one to serve the ports of Brazil, Uruguay, and the Argentine Republic, and the other to serve Ecuador, Peru, and Chile.

(b) That the conditions affecting said lines are different.

(c) That the delegates from countries on the east coast of South America and the delegate from Chile should present their views on the question separately.

The delegate of Peru, Dr. Alzamora, stated that, notwithstanding he concurs in the proposition of the delegate of Chile, he is unable to sign this report, because he has no instructions from his Government, having been accredited to the conference by cable.

The delegate of Ecuador, Dr. Gonzales, approves the general idea of the Chilean delegate, but he can not sign the report, lacking the necessary authorization from his Government.

The delegate of Chile is of opinion that the conference may, nevertheless, recommend to the interested Governments that the need for a fast maritime transportation service between the ports of South and North America may be supplied as follows:

(1) By the organization of a large company, subscription to the capital of which may be made by the public, the balance of the stock, if any, to be taken by the Government of the United States and the Governments of those Latin-American Republics interested in a proportion to be agreed upon.

(2) The company to be incorporated under the New York laws, but the steamers to be registered in the different countries in proportion to the capital subscribed, and shall fly the flag of said country.

(3) For the purposes of customs laws the steamers to be considered as of the nationality of the port, except the coastwise trade, in those countries where that trade is reserved for nationals.

(4) The vessels to fulfill certain conditions, e. g., minimum tonnage of 5,000 tons; minimum speed of 16 miles per hour.

(5) The board of directors shall be composed of representatives appointed by the respective countries in proportion to the capital subscribed.

(6) The payment of the capital subscribed may be made in cash or by transfer of vessels belonging to the Government subscribing provided said vessels are suitable.

(Signed)

VERGARA.

The transportation committee recognizes the paramount importance of the transportation question and believes that the establishment of improved regular facilities is an imperative necessity to the expansion of the commercial and financial relations between the United States and the Republics of South and Central America.

The committee further realizes the complexity of the problems which the subject involves and recommends as an aid to their solution the reports of the subcommittees representing the east and west coasts of South America, with its approval of the general suggestions contained in such reports.

It earnestly recommends the serious consideration of such suggestions as practical propositions tending toward a prompt solution of the problems presented.

In order to insure continuous action and to avoid delays it recommends the appointment by the chairman of the Pan American Financial Conference of a permanent committee, to be composed of representatives from the United States and from Argentina, Brazil, Uruguay, Chile, Ecuador, and Peru. It should be the duty of this committee to obtain and furnish information pertinent to the subject and to take such other steps as in its discretion may seem fit or necessary to put into effect the plans outlined in the reports of the subcommittees above alluded to and further to consider and report to the chairman of the Pan American Financial Conference any other feasible, effective plan for the establishment of the desired expansion of shipping facilities.

In conclusion, it is the unanimous conviction of the committee that such plans should be adopted as will most speedily establish direct, effective, and permanent transportation facilities between the United States and the Republics of South and Central America.

Secretary McADOO. The Honorable David R. Francis would like to say a few words on this subject.

Gov. DAVID R. FRANCIS (St. Louis):

Mr. CHAIRMAN AND DELEGATES OF THE PAN AMERICAN FINANCIAL CONFERENCE. On behalf of the Transportation and Communication Committee, of which I was acting chairman in the absence of Mr. Hale Pearson, I desire to call your attention to two features of that report and to its conclusion.

You will observe that the committee at its first session assigned to the foreign members the subject of ocean transportation. There were representatives on the committee from six South American countries only, the countries of Central America stating they had transportation facilities which, for the present, are adequate. You learned from the report that the delegates from South America were divided as to what policy should be adopted toward the establishment of ocean communication. Those of the Atlantic coast proposed that bids be received until the 31st of December from parties desiring to operate steamers between Montevideo, Buenos Aires, Rio, and New York; in other words, that plan was virtually a subsidy plan, whereas the countries of the Pacific coast recommended that

this communication be established by the purchase and operation of vessels by the countries themselves and by private enterprise, stating in no indefinite terms that the conditions on the east coast differed from those on the west coast. But in the conclusion there was no real difference of opinion among any of the committee.

This, gentlemen, in my opinion, is about the most remarkable Conference I have ever attended. For more than thirty years I have been attending conventions and congresses and national gatherings in the United States, and I have never seen one which was composed of men more representative not only in their foreign countries but in this country as well. Nor have I participated in the deliberation of any assemblage where the members devoted themselves more assiduously, more intelligently, and more effectively to the business of the meeting than has been the case in this Conference, which has been in session for a week. Men of affairs from the United States have come here and for an entire week have given their best thought and all of their time to the objects of the Conference.

What a contrast is there between conditions prevailing on the Western Hemisphere and those prevailing on the Eastern Hemisphere! You need only to have your attention called to the state of affairs here to arouse within your breast a sentiment of admiration. Here all of the countries of Central and South America are asking that closer relations be established between the Republics of the New World. Their delegates are here, representative men in their respective countries. They have made suggestions which I am sure will be prolific of much good, and no group committee report has neglected to set forth the necessity for better transportation facilities. Are we in this country going to deny to our brethren from Central and South America what they are asking on this occasion? If not our duty, it certainly is to our interest to make a very prompt and effective response to such expressions. [Applause.]

There is a tide in the affairs of nations, as well as in the affairs of men, which should be taken at the flood. I am not here to oppose subsidies, nor have I come to this platform to advocate government ownership, but I am here to raise my voice—and in so doing I think that I reflect the sentiment of the best thought and the higher patriotism of this country—to obtain a decided and emphatic and prompt expression from this international gathering that the speediest possible plan be adopted in order to establish quick, direct, regular, and permanent transportation facilities between the Republics of the Western Hemisphere. [Applause.]

If my house were on fire I should not ask the source of the water used to extinguish the flames. If a member of my family were ill and I could not get my family physician, I would not hesitate to call in the services of some other doctor. It strikes me that almost simi-

lar conditions prevail in this country to-day. We have an opportunity now to establish closer commercial relations with the Republics of Central and South America, and it is our duty to take advantage of this opportunity. [Applause.] It may not return to us again in a generation or a century.

I, therefore, Mr. Chairman, desire to offer this resolution, which expresses what is set forth in the conclusion of the report of the Committee on Transportation, and I would like to get from this Conference its expression upon the subject. The resolution reads as follows:

THE FRANCIS RESOLUTION ON TRANSPORTATION.

Resolved, That it is the sense of this Conference that improved ocean transportation facilities between the countries composing the Pan American Union has become a vital and imperative necessity and that every effort should be made to secure at the earliest possible moment such improved means of ocean transportation, since it is of primary importance to the extension of trade and commerce and improved financial relations between the American republics.

[Applause.]

Mr. LE GENDRE (New York). I presume it would not be in order to offer an amendment?

Secretary McADOO. What is it that you desire?

Mr. LE GENDRE. I was going to suggest: "and that the laws of the United States be so changed that this may be brought into effect."

Secretary McADOO. Let me say that I appreciate more highly than I can express the exhibition of confidence which this committee manifests in the chairman of this meeting when it proposes that he appoint an international committee for the purpose of considering this question. I do not believe, however, that such a thing is practicable. I should be very happy to do it if I thought it would produce results; but I think it is manifestly impossible that a committee of that character, designated by the Secretary of the Treasury of the United States, could deal with this problem; for it seems to me that each country has got to handle this matter in its own way.

Now, as I said before, this is not a convention for the purpose of determining national policies. It is a Conference for the purpose of exchanging views, laying upon the table all facts and information obtained, together with expressions of opinion from the various countries represented here as to what things are needed, with suggested possible remedies. These are to be sifted by you, and we are going to try to extract from this crucible into which we put all of these suggestions, some refined thing which we hope will work to the advantage of our respective countries.

I would, therefore, suggest that we confine our expression to the resolution which Governor Francis has offered. I do not think that we are here to discuss government ownership or subsidies or any other

such matter. That has become rather a political controversy in this country, and this is not the place to thresh it out. I would suggest, therefore, that the Conference proceed to express itself upon Governor Francis's resolution, so if there is no objection I shall put the question on that resolution.

Dr. PEARSON (Argentina). I take great pleasure in seconding it.

Secretary McADOO. I do not think we shall hurt anybody's feelings, whether he be a government ownership man or not.

(The Francis resolution was unanimously adopted.)

Secretary McADOO. Now, Mr. Moore, if you will be good enough to make the report of the Committee on Uniformity of Laws and International Commercial Court, we shall be glad to hear it.

UNIFORMITY OF LAWS COMMITTEE REPORT.

Mr. MOORE. Mr. Chairman and delegates, in strict regularity this report should be presented by Governor Hamlin, of the Federal Reserve Board, who acted as chairman of the committee in the absence of the Secretary of Commerce; but, Governor Hamlin being uncertain as to when his public duties might call him away, he requested me to undertake his task. This explains why I am standing before you again.

In our report we have endeavored to confine ourselves to topics that seemed to us all to be of immediate importance. Many proposals were submitted to the committee. We considered, perhaps, from forty to fifty suggestions or topics altogether; but we culled out a certain number in regard to which there was no difference of opinion whatever as to their urgency.

The report of the committee consists of two parts—first, that in which the subjects to be dealt with are enumerated, and, second, that which proposes an organization for the purpose of carrying out the resolutions of the Conference. I may say that this list of topics is not intended to be final and exclusive. If it should be desired hereafter to take up other matters, the organization presented to the Conference will be able to consider them at any moment.

The report is comparatively brief.

I. SUBJECTS.

The committee has not taken into consideration the subject of transportation, which should, in its opinion, be kept separate and distinct and be dealt with independently.

The subjects which should, in the opinion of the committee, be dealt with in the report of the committee to the Conference are:

1. The establishment of a gold standard of value.
2. Bills of exchange, commercial paper, and bills of lading.

In this relation we have drawn attention to the two European conferences that have been held on this subject. Two volumes printed by the Government of the United States may be obtained here, containing the reports of those conferences.

3. Uniform (a) classification of merchandise, (b) customs regulations, (c) consular certificates and invoices, (d) port charges.

In this relation we have ventured to call attention to the report adopted by the Fourth International American Conference, at Buenos Aires, in 1910.

4. Uniform regulations for commercial travelers.

Consider in this relation the question of a certificate to be issued by the proper department of the government of the country from which the traveler comes that the bearer is a bona fide commercial traveler, this certificate to be properly viséed.

This is, I believe, generally conceded to be a question of practical importance. We have received several letters from merchants advising the adoption of some means by which the commercial traveler, being properly certified, may have free course with his samples. This would greatly aid in the promotion of trade.

5. To what extent further legislation may be necessary concerning trademarks, patents, and copyrights.

Here we venture to call attention to the conventions adopted by the Fourth International American Conference.

6. The establishment of a uniform low rate of postage and of changing money orders and parcel post between the American countries.

7. The extension of the process of arbitration for the adjustment of commercial disputes.¹

II. ORGANIZATION.

I come now to organization, and the committee makes the following recommendations:

1. That for the purpose of carrying into effect the resolutions of the Conference, and particularly for bringing about uniformity of laws on the subjects embraced in those resolutions, there be established an international high commission, to be composed of not more than nine members, resident in each country, to be appointed by the minister of finance of such country. The aggregate members thus appointed shall constitute the commission.

2. That for the purpose of aiding the international high commission and coordinating its work there be created in the Pan American Union a bureau, whose chief shall receive a salary of not less than \$5,000 gold per annum; and it is recommended that, in view of his initiative in bringing about the Conference, the governing board of the Pan American Union invite the Hon. William G. McAdoo, Secretary of the Treasury of the United States, to suggest the name of the first chief of this bureau.

[Applause.]

¹ This clause, not originally appearing in the subcommittee's report, was, at the last meeting of the general committee, upon motion of the Hon. John Bassett Moore, unanimously adopted and incorporated into the complete report.

Expenses of the bureau, including the salaries of the chief and his assistants, to be paid by the Pan American Union, in whose budget a corresponding provision shall be included.

3. The American Governments shall instruct their diplomatic and consular officers and their commercial attachés to cooperate with the international high commission and with the bureau.

The bureau shall be authorized to obtain in each country such expert assistance as may be necessary to the prosecution of its work, the expenses thus incurred to be treated as a part of the expenses of the bureau.

4. The bureau shall make to the governing board of the Pan American Union, for distribution among the governments concerned, and to the international high commission an annual report.

The bureau shall make to the next International American Conference a full report of its proceedings up to that time, with recommendations as to future work.

This report is signed by all of the members of the general committee. When the Conference shall have acted upon it, I will venture to present some supplementary resolutions, the design of which is to push the work of this Conference immediately forward without any delay whatever. [Applause.]

Secretary McAdoo. Mr. John H. Fahey, president of the United States Chamber of Commerce, will now say a few words.

GENERAL RESOLUTIONS.

Mr. FAHEY (Washington). Mr. Chairman and gentlemen of the Conference, I ask the privilege of recognition on the part of the chair to present certain resolutions on behalf of the members of this Conference residents of the United States:

Resolved, That we, the members of this Conference residents of the United States, desire to express to the President of the United States and to his Cabinet our thanks for the generous hospitality and many courtesies which have been extended to us in connection with this most successful meeting;

Resolved, That we wish particularly to record our appreciation of our debt to the Secretary of the Treasury, whose wise statesmanship inspired this epoch-making gathering, not only for his efforts in bringing us together but for his many personal courtesies and his happy direction of our deliberations;

[Applause.]

Resolved, That to the Federal Reserve Board, the Assistant Secretary of the Treasury, the Secretary-General of this Conference, the Director General of the Pan American Union, the press of the Americas, and to the other officials of the United States Government, and the citizens of Washington who have so thoughtfully and effectively contributed to our comfort and entertainment and to the success of this Conference, we would also express our earnest thanks and appreciation;

[Applause.]

Resolved, That we spread on the records of this meeting formal expression of our appreciation of the high character and constructive ability of the members of this Conference from our sister Republics who have honored us by this

visit, and whose heartiness, energy, and efficiency have contributed in such large measure to the splendid achievements of this gathering. The memory of this event and the opportunity it has afforded us for the establishment of closer personal relations and real friendship with these gentlemen will long remain with us, and we pledge ourselves to do all in our power to continue to promote this helpful intercourse.

[Prolonged applause.]

Gentlemen, since in their modesty it may embarrass our chairman or our Secretary-General to present this motion, I beg to take that responsibility, and I move the adoption of this resolution.

(The motion was seconded and unanimously carried.)

And, Mr. Chairman, I should like also to take the opportunity to say, as president of the Chamber of Commerce of the United States, that we have been very much interested in the several suggestions presented in the reports that are before this Conference, and I desire to say emphatically that the Chamber of Commerce of the United States and the business men of the country will welcome the opportunity to cooperate with the representatives of our sister Republics in doing all possible to bring into practical effect the suggestions that have been made. [Applause.]

A LATIN-AMERICAN DELEGATE. I think, Mr. Chairman, we should not be selfish, and on behalf of the Latin-American countries I arise to thank the American Government and the American authorities for all the kindness extended to us—and not only the gentlemen of the United States but also the other gentlemen from South America—and for all the intelligent work they have done during this week with us. [Applause.]

Secretary McADOO. Those who favor the adoption of the motion will say “aye.”

(The motion was unanimously adopted.)

ADOPTION OF UNIFORMITY OF LAWS REPORT.

Secretary McADOO. Gentlemen, I will put the question of the adoption of the report of the Committee on Uniformity of Laws. Those in favor of the adoption of that report will say “aye”; those against it, “no.”

(The report was unanimously adopted.)

Mr. MOORE. I now have the honor to present some supplementary resolutions, which we have not had opportunity to have printed.

ADOPTION OF TRANSPORTATION AND COMMUNICATION REPORT.

Gov. FRANCIS. Beg pardon, Mr. Chairman, did you submit to the Conference some action on the report of the Committee on Transportation?

Secretary McAdoo. The report itself was not formally adopted by the Conference, because it has some conflicting provisions in it, and I felt it ought to be treated like the group committee reports; that is, submitted for information and suggestion for future action. But your resolution, which explains the attitude of this Conference, was adopted; and that seemed to me to be the wisest disposition of the matter. However, if you desire to have the report of the transportation committee put to a vote, I shall be very happy to do it.

Gov. FRANCIS. I do not wish to raise any controversy in regard to that.

Secretary McAdoo. Those in favor of the adoption of this report will say "aye"; those opposed, "no." There seems to be one vote against it and two for it, so we will consider it adopted. [Laughter.]

Gov. FRANCIS. What I wished to call to your attention and to the attention of the members of the Conference, is that you declined to follow the suggestion of that committee, which was to appoint a permanent committee. Now, I can understand very well your modesty in that as in all other things, but I think this Conference, before adjourning, should adopt some method whereby the recommendations of that report can be put into practical operation. I do not know whether or not you would entertain a resolution asking the foreign delegates to present that report to their respective governments, and a resolution asking you to present it to the Congress of the United States. If so, I desire to offer such a resolution.

Secretary McAdoo. Governor, all of these proceedings will take this course. The foreign delegates will, of course, present these reports to their respective Governments. The Secretary of the Treasury, will make a full report of the proceedings of this Conference to Congress, which will take such action on that report as it sees fit. I did not feel, gentlemen, that the Secretary of the Treasury of the United States should appoint a committee from foreign countries to deal with matters in their own States. Therefore I ask to be excused. The whole subject, I think, will be covered in the natural course of events anyway. Here are suggestions which each one of the governments will consider, and out of these suggestions we hope will come some happy solution of the problem.

MISCELLANEOUS MATTERS.

Dr. GONZALES (Ecuador). Mr. Chairman and gentlemen, our committee has suggested something which, I think, is very interesting and important, namely, the issuance of a Pan American postage stamp to commemorate this meeting, to be used in all of the countries during a certain period. I wish to add that I would like to see the picture of the Secretary of the Treasury on that stamp. [Prolonged applause.] I fancy that everybody in America will know you,

because I believe that this meeting is the first step in a new era of Pan American international trade, and I feel that no one country will refuse to vote favorably on this proposition.

Secretary McAdoo. Gentlemen, I am exceedingly flattered by this suggestion.

Gov. FRANCIS. Mr. Secretary, put the motion yourself.

Secretary McAdoo. Pardon me just one moment. I am exceedingly flattered, but I am quite sure our distinguished friend from Ecuador will appreciate my reluctance to accept the suggestion to advocate the adoption of any such resolution when I explain one fact to him that is well known in the United States. No man's picture is allowed to go upon a postage stamp in this country until he has been dead some time. [Applause and laughter.] I am sure that you do not want me to advocate my own death; and, as I hope I am not yet considered a "dead one," and that I may not be a "dead one" for a good many years to come, I am quite sure you will excuse me from putting the motion.

Dr. GONZALES. If that is not possible, Mr. Secretary, I would suggest the map of the Western Hemisphere might be put on the stamp.

Secretary McAdoo. I trust you will excuse me for treating the matter somewhat facetiously. I feel sure you will, when you understand what our law is.

That is one of the many very admirable suggestions submitted which, in turn, will be considered by our Government and by your respective Governments, and if in any way it can be brought about it will be adopted.

Dr. GONZALES. I wish, anyway, to leave a record of that.

Secretary McAdoo. I thank you, sir.

MOORE RESOLUTIONS REGARDING INTERNATIONAL HIGH COMMISSION.

Mr. MOORE (continuing). I beg leave to present the following resolutions which, as I stated, we have not had an opportunity to have printed:

Resolved, That it is the sense of this Conference—

1. That the local members of the international high commission should be immediately appointed by their respective ministers of finance.

2. That the members of the international high commission appointed in each country should immediately begin preparatory work, and that the various Governments be requested, through their appropriate departments, to cooperate in the work of the commission.

3. That pending the establishment of the bureau in the Pan American Union, as recommended in the report of the committee on uniformity of laws, the president of this Conference be requested immediately to appoint a gen-

eral secretary to the international high commission to perform such duties as are necessary in the preparatory work of the commission.

4. That the United States members of the international high commission should as soon as practicable proceed to visit the other American countries to meet the members of the commission there resident.

Secretary McAdoo. Gentlemen, you have heard the resolutions. Those in favor say "Aye"; those opposed, "No."

(The motion was unanimously adopted.)

MISCELLANEOUS BUSINESS.

Secretary McAdoo. As we are now approaching the end of the Conference, I wish to say that if there are any other resolutions which any gentleman desires to offer it may be done now.

Mr. ROGER W. BABSON (Boston). May I ask, Mr. Chairman, if you would consider a motion to have the Secretary of the Treasury appoint a committee from this country on a shipping bill, to start it along the same lines that Mr. Moore suggested starting the plan for the uniformity of laws?

Secretary McAdoo. I think it would be unwise to do that. It seems just a bit outside of the scope of this Conference. The shipping question here has become very much of a political question, and I am most anxious that politics shall not be injected into this meeting in any form at all. [Applause.]

Are there resolutions of any kind or motions anyone wishes to make? Does any gentleman desire to say anything before we take up the last phase of the Conference? If not, then permit me to say a few words in conclusion.

CONCLUDING REMARKS OF SECRETARY OF THE TREASURY.

First of all, I wish to return my most sincere and heartfelt thanks for the resolutions you have passed to-day in which you are good enough and generous enough to make complimentary allusions to your presiding officer, and to say that I feel deeply touched not only by those resolutions, but also by the exceeding great courtesy, kindness, and consideration which you have shown to me throughout this notable gathering.

In conducting this Conference I have felt that it was not my part to seek in any way to impress my views upon this gathering; that, on the other hand, I should simply use whatever power I possess to encourage as free an expression of views on your part as you might care to give. It has been my earnest desire that each one of you should leave here with the feeling that there has been no attempt on the part of your chairman to interfere in the slightest degree with

the free and untrammelled expression of your views and opinions, and I hope, gentlemen, that you will at least credit me with having conducted the Conference along these lines with strict impartiality. [Applause.] If I have failed in doing so, it is because my poor powers have not enabled me to do better.

We do not want all the effort and work of this Conference to "go up in smoke." I did not expect when this Conference was conceived that we should get the fruit of it by the time it adjourned. On the contrary, we know as a fact, in nature as well as in the affairs of life, that in order to secure the fruit, seed have to be planted, and after the seed have been planted they must be cultivated in a practical, efficient, and intelligent manner. What I hoped we could accomplish was to plant some genuine seed—seed that have within them the elements of life, seed that are vital with potentialities—so that by intelligent cultivation along practical lines we would in due season reap the fruit of our efforts; and I do not mean fruit of a material sort only, although, as I said in my opening remarks, a wholesome materialism is essential to the prosperity and happiness of the people of every nation, but I mean fruit, also, of that finer and nobler quality which represents the cardinal principles of truth and morality—fruit which we may eat with the knowledge and in the confidence that it is going to make us stronger in unity of purpose and community of ideals and more powerful for the promotion of the peace of mankind. Let us hope that we have laid here the secure foundations for enduring peace—in the northern and southern continents of this hemisphere, at least [applause]—and that, having accomplished that, we may set an example to the world of high political, material, and industrial morality through which there may be brought in time to our unfortunate neighbors of the Eastern Hemisphere the beatitude of restored and perpetual peace and prosperity. [Applause.]

I believe, gentlemen, that you have through your group reports planted some very vital seed and that you will certainly reap a harvest if we get the right sort of cultivators. We have got to see to it that after we adjourn to-day this work is going to be kept up. I am very happy that the Committee on Uniform Laws has adopted the suggestion made in my speech at the opening of this Conference for the appointment of a joint high commission to cooperate with the Pan American Union for the purpose of bringing about the great reforms outlined in their report.

The committee has suggested an admirable way of securing quickly the appointment of this international high commission, namely, that the finance minister of each country appoint a commission of nine men to continue the work so auspiciously begun here. The Secretary

of the Treasury in the United States corresponds to the finance minister in other countries, and I assume, Mr. Chairman [addressing Mr. John Bassett Moore], that you mean to include him in your description of finance minister and expect him to act for the United States. [Mr. Moore replied, "Yes."]

I shall be very happy to appoint such a commission in this country. Of course, it will have no official status, but it will have character and standing as a committee acting under the authority of this Conference, and I hope that the finance minister of each of the countries represented here will take similar action and appoint similar commissions. When this has been done a joint high commission will be constituted by voluntary action and may present the report of this Conference to their respective countries and seek such governmental aid and action as may be necessary to carry out the objects in view.

Much of the success of this Conference has resulted from the group conferences through which the delegates from each of the Latin American countries have been brought into close contact with a committee of representative financiers and business men of the United States, with a resulting interchange of views at close range and under conditions where the problems of each country could be thrashed out and the difficulties and impediments in the way of more extended trade, commerce, and intercourse between them developed. The group committees in this country should be made permanent, and if I may be permitted to say so, the delegates of each of the countries represented here should be continued as group committees in their respective countries, for the time being, so that they may keep in touch with each other and continue the good work we have started here.

I am going to take the liberty, therefore, of appointing in this country group committees of able and reputable men of the United States to replace the group committees which were appointed to serve during the sessions of this Conference. These will have to be selected with great care. I wish I could continue the group committees already organized, but since there are officials of this Government on these committees, you can readily understand that the conditions under which these committees must act in the future make it impracticable, if not inadvisable, to have representatives of this Government on them. Eighteen new group committees in this country will be selected as quickly as possible, and one will be assigned to each of the countries represented in this conference. While these committees will have no official status, they will have a recognized standing in this country and in your countries, I hope, so that when you have matters upon which you wish to secure information, or which you may wish to submit for the consideration of financiers,

merchants, or manufacturers in the United States, you will have a committee in the United States through which you may get such information or get into contact with our people. As before stated, I would suggest that the delegates of your respective countries continue to act as group committees, or that similar committees be appointed in your countries, so that our people may have a recognized channel through which reliable information may be obtained.

The committees for the United States will be announced later. I shall try to form them in such a way that they will be live committees and continue to do effective work. [Applause.]

Before you leave this country for your homes I hope to be able to announce these committees, so that you may know just what the organization here is to be. In this connection I desire to say that I shall take the greatest pleasure in suggesting to the President that in his next message to the Congress he refer to the work of this Pan American Financial Conference, and make appropriate recommendations for carrying on the work so auspiciously begun here, and that sufficient appropriations be made for the purpose. If we can get that done, we can give a great impulse to the work in this country [applause], and I sincerely hope that you on your part will make similar recommendations to your Governments and induce them to take similar action.

By this means and by coordinating the work of these various committees and proceeding along common lines of mutual interest and in cooperation with the Pan American Union—and I know my distinguished friend, John Barrett, will gladly pull with us—I am quite sure that we can put enough ginger into this movement to get practical results, and that is what we want. We do not want our work to expire with this Conference. We want every man here to put all the force into it that he individually possesses and all the influence and enthusiasm that he commands in order to realize the great results we are trying to achieve.

Now, gentlemen, I want, in conclusion, to assure you again of my most cordial appreciation of your coming here, and to you gentlemen of Latin America do I feel most deeply indebted for all the time, patience, and toil that you have given to the work in hand. We are most grateful to you for coming such a long distance to join us in these deliberations.

I hope that you will have a delightful trip through our country. We have tried to arrange a journey that will give you a small understanding, at least, of the greatness of our resources, our industries, and our economic development. In the first part of the trip I am sorry to say that I shall not be able to accompany you, but I am trying to arrange my plans to join you, if possible, in Chicago and

make the remainder of the journey with you. I hope I may succeed in doing that. [Prolonged applause.]

I am going to ask Secretary Bryan if he will not say a few words to you in conclusion. '

REMARKS BY THE SECRETARY OF STATE.

Secretary BRYAN. Mr. Secretary and gentlemen of the Conference, it has during the past two years given me great pleasure to support the Secretary of the Treasury in the very important work which he has done in connection with domestic problems, and in this international work which he has conceived and brought to such a successful consummation he has also had my most earnest and sympathetic cooperation. I am sure that no one who has had to do with this meeting has found more satisfaction than I have in the very obvious results that have thus far been accomplished. It was not to be expected that you would be able to complete all the work that has been undertaken. In fact, as I have thought of this meeting I have been reminded of the school events that are associated with this period of the year. This is our "commencement" season, the commencement being the conclusion of the course of study. The word commencement has been chosen to describe these exercises because it is understood that the training prepares the student for the work which lies before him—the work which he is about to begin. I shall remember this meeting as a commencement exercise, not as the conclusion of our work.

You have been brought together here and have become acquainted, and this acquaintance will, I doubt not, in many cases ripen into a friendship that will not only give pleasure to those in attendance, but will have a substantial and material basis also in the good which our respective countries will derive from it.

I congratulate you upon having laid the foundation; I am sure the superstructure will be all that you can hope for. You have learned a very important lesson at this Conference, namely, that there is a sympathetic relationship binding the United States to all of the sister Republics and binding each of them to every other one. Upon this sympathetic relationship we shall construct the enduring edifice of Pan American solidarity, which means so much to all of our nations. [Applause.]

You have, it is true, gone to considerable expense and given considerable time to this meeting, but nothing that is of value can be accomplished without effort. As we look back over our lives our memories dwell with most satisfaction upon those occasions which have drawn out that which is best in us; if this be true, then I am

sure that this week will be a bright one in the memory of all who have participated, for this gathering will result in a larger acquaintance, a closer intimacy, and a mutual helpfulness that will add greatly to the happiness of all. I thank you. [Prolonged applause.]

Secretary McAdoo. Gentlemen, the formal work of the Conference now being concluded and the commencement begun, I will declare the conclusion finished! [Laughter.] I now declare the Pan American Financial Conference adjourned. We shall meet you all this evening at 8 o'clock at dinner I hope. [Applause.]

(With this the seventh and closing session, the Conference was adjourned.)

REPORTS OF GENERAL COMMITTEES

REPORT OF THE GENERAL COMMITTEE ON
UNIFORMITY OF LAWS RELATING TO TRADE,
COMMERCE, AND INTERNATIONAL
COMMERCIAL COURT

REPORT OF THE GENERAL COMMITTEE ON UNIFORMITY OF LAWS RELATING TO TRADE, COMMERCE, AND INTERNATIONAL COMMERCIAL COURT, APPOINTED TO CONSIDER AND REPORT UPON (1) THE SUBJECTS TO BE DEALT WITH BY THE GENERAL COMMITTEE, AND (2) THE ORGANIZATION NECESSARY TO CARRY INTO EFFECT THE RESOLUTIONS OF THE CONFERENCE.

I. SUBJECTS.

HON. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: The committee has not taken into consideration the subject of transportation, which should, in its opinion, be kept separate and distinct and be dealt with independently.

The subjects which should, in the opinion of the committee, be dealt with in the report of the committee to the conference are:

1. The establishment of a gold standard of value.
2. Bills of exchange, commercial paper, and bills of lading.

(Note the results of the two European conferences on these subjects.)

3. Uniform (*a*) classification of merchandise, (*b*) customs regulations, (*c*) consular certificates and invoices, (*d*) port charges.

(See the report adopted by the Fourth International American Conference, at Buenos Aires, 1910.)

4. Uniform regulations for commercial travelers.

Consider in this relation the question of a certificate to be issued by the proper department of the Government of the country from which the traveler comes that the bearer is a bona fide commercial traveler, this certificate to be properly viséed.

5. To what extent further legislation may be necessary concerning trade-marks, patents, and copyrights. (See the treaties adopted by the Fourth International American Conference.)

6. The establishment of a uniform low rate of postage and of charges for money orders and parcels post between the American countries.

7. The extension of the procedure of arbitration for the adjustment of commercial disputes.*

II. ORGANIZATION.

1. That for the purpose of carrying into effect the resolutions of the conference, and particularly for bringing about uniformity of laws on the subjects embraced in those resolutions, there be established an international high commission, to be composed of not more than nine members, resident in each country, to be appointed by the

* This clause was drawn up later by Mr. Moore and unanimously adopted.

minister of finance of such country. The aggregate members thus appointed shall constitute the commission.

2. That for the purpose of aiding the International High Commission and coordinating its work there be created in the Pan American Union a bureau, whose chief shall receive a salary of not less than \$5,000 (gold) per annum; and it is recommended that, in view of his initiative in bringing about the conference, the governing board of the Pan American Union invite the Hon. William G. McAdoo, Secretary of the Treasury of the United States, to suggest the name of the first chief of this bureau. Expenses of the bureau, including the salaries of the chief and his assistants, to be paid by the Pan American Union, in whose budget a corresponding increase shall be included.

3. The American Governments are requested to instruct their diplomatic and consular officers and their commercial attachés to cooperate with the International High Commission and with the bureau.

The bureau shall be authorized to obtain in each country such expert assistance as may be necessary to the prosecution of its work, the expenses thus incurred to be treated as a part of the expenses of the bureau.

4. The bureau shall make to the governing board of the Pan American Union, for distribution among the Governments concerned, and to the International High Commission, an annual report.

The bureau shall make to the next International American Conference a full report of its proceedings up to that time, with recommendations as to future work.

(Signed)

WILLIAM C. REDFIELD, *Chairman.*

SAMUEL HALE PEARSON.

IGNACIO CALDERÓN.

AMARO CAVALCANTI.

LUIS IZQUIERDO.

SANTIAGO PÉREZ TRIANA.

ROBERTO ANCÍZAR.

JOHN M. KEITH.

PABLO DESVERNINE Y GALDÓS.

FRANCISCO J. PEYNADO.

VICENTE GONZALES B.

JUAN S. LARA.

LEOPOLDO CÓRDOVA.

PEDRO RAFAEL CUADRA.

RAMÓN F. ACEVEDO.

WILLIAM WALLACE WHITE.

ISAAC ALZAMORA.

ALFONSO QUIÑÓNEZ M.

CARLOS MARÍA DE PENÁ.

PEDRO RAFAEL RINCONES.

(Members representing the United States:)

CHARLES S. HAMLIN.
JOHN BARRETT.
CHARLES A. CONANT.
DAVID R. FRANCIS.
JOHN HAYS HAMMOND.
JOHN BASSETT MOORE.
GEORGE N. NUMSEN.
W. L. SAUNDERS.
WILLARD STRAIGHT.
BENJAMIN STRONG, Jr.
SAMUEL UNTERMYER.
ROBERT W. WOOLEY.

CLAUD DE BAUN,
Committee Secretary.

**SUPPLEMENTARY RESOLUTIONS OFFERED BY THE HON. JOHN
BASSETT MOORE.**

After the report of the Committee on Uniformity of Laws had been read and unanimously adopted, the Hon. John Bassett Moore presented the following additional resolutions, which were unanimously adopted at the afternoon session of Saturday, May 29, 1915:

Resolved, That it is the sense of this Conference—

1. That the local members of the International High Commission should be immediately appointed by their respective Ministers of Finance.

2. That the members of the International High Commission appointed in each country should immediately begin preparatory work, and that the various Governments be requested, through their appropriate departments, to cooperate in the work of the commission.

3. That pending the establishment of the bureau in the Pan American Union, as recommended in the report of the Committee on Uniform Laws, the president of this Conference be requested immediately to appoint a general secretary to the International High Commission to perform such duties as are necessary in the preparatory work of the commission.

4. That the United States members of the International High Commission should, as soon as practicable, proceed to visit the other American countries to meet the members of the commission there resident.

REPORT OF THE GENERAL COMMITTEE ON TRANSPORTATION AND COMMUNICATION

**REPORT OF THE GENERAL COMMITTEE ON TRANSPORTATION
AND COMMUNICATION, SUBMITTED TO THE PAN AMERICAN
FINANCIAL CONFERENCE AT THE SESSION OF SATURDAY
AFTERNOON, MAY 29.**

Hon. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: Your committee on transportation and communication resolved that a subcommittee, to be composed of one member from each of the South American countries represented on the general committee, confer and report back any plan or plans for the inauguration of more regular, rapid, frequent, and up-to-date communication between these countries and the United States which seemed to them practical of accomplishment.

This subcommittee, composed of Messrs. Aldao, Cavalcanti, Gonzales, Alzamora, Cosio, and Vergara, submitted two reports, one signed by Messrs. Aldao, of Argentina; Cavalcanti, of Brazil; and Cosio, of Uruguay; and the other by Mr. Vergara, of Chile.

These two reports are designated respectively as "A" and "B."

Report "A," submitted to the general committee on transportation and communication by Messrs. Aldao, Cavalcanti, and Cosio:

The Pan American Financial Conference begs to suggest the advisability of calling for bids not later than December 31, 1915, for the establishment of a regular line of fast mail steamers between United States ports and Rio de Janeiro, Montevideo, and Puenos Aires, under the following conditions:

Steamers to have at least 10,000 tons displacement; to make at least two trips per month, with accommodations for at least 150 first-class cabin passengers; with refrigerating arrangements; and to complete the trip between United States ports decided upon and Buenos Aires, pier to pier, in not more than 15 days.

Bidders to state the compensation demanded, and the period of the contract.

As part of the compensation for services rendered, said vessels to be exempt for five years from all fiscal charges in the respective countries and to enjoy all facilities granted to any other vessels.

Bids to be acted upon within three months and preference to be given, all other conditions being similar, to whoever will provide for earlier inauguration of the service.

The Governments of the respective countries to agree upon the proportionate charges to be paid by each and upon all other details.

(Signed) ALDAO.
CAVALCANTI.
COSIO.

Report "B," submitted to the general committee on transportation and communication by Mr. Vergara, of Chile:

In the conference of to-day of the subcommittee, the Minister of Finance of Uruguay, Dr. Cosio; the delegate of Argentina, Dr. Aldao; and the undersigned delegate of Chile formulated three separate projects for the establishment of fast maritime transportation between the interested countries.

In view of this fact and of the circumstance that the delegates of Colombia, Venezuela, Panama, and the Republics of Central America had expressed in the general meeting of the conference that their respective countries for the present have no interest in the proposed question it was agreed:

(a) That there should be only two lines of fast steamers; one to serve the ports of Brazil, Uruguay, and the Argentine Republic, and the other to serve Ecuador, Peru, and Chile.

(b) That the conditions affecting said lines are different.

(c) That the delegates from countries on the east coast of South America and the delegate from Chile should present their views on the question separately.

The delegate of Peru, Dr. Alzamora, stated that, notwithstanding he concurs in the proposition of the delegate of Chile, he is unable to sign this report, because he has no instructions from his Government, having been accredited to the conference by cable.

The delegate of Ecuador, Dr. Gonzales, approves the general idea of the Chilean delegate, but he can not sign the report, lacking the necessary authorization from his Government.

The delegate of Chile is of opinion that the conference may, nevertheless, recommend to the interested Governments that a fast maritime transportation service between the ports of South and North America may be supplied as follows:

(1) By the organization of a large company, subscription to the capital of which may be made by the public, the balance of the stock, if any, to be taken by the Government of the United States and the Governments of those Latin-American Republics interested, in a proportion to be agreed upon.

(2) The company to be incorporated under the New York laws, but the steamers to be registered in the different countries in proportion to the capital subscribed, and shall fly the flag of said country.

(3) For the purposes of customs laws the steamers to be considered as of the nationality of the port, except the coastwise trade, in those countries where that trade is reserved for nationals.

(4) The vessels to fulfill certain conditions, e. g., minimum tonnage of 5,000 tons; minimum speed of 16 miles per hour.

(5) The board of directors shall be composed of representatives appointed by the respective countries in proportion to the capital subscribed.

(6) The payment of the capital subscribed may be made in cash or by transfer of vessels belonging to the Government subscribing provided said vessels are suitable.

(Signed) VERGARA.

The transportation committee recognizes the paramount importance of the transportation question and believes that the establishment of improved regular facilities is an imperative necessity to the expansion of the commercial and financial relations between the United States and the Republics of South and Central America.

The committee further realizes the complexity of the problems which the subject involves and recommends as an aid to their solution the reports of the subcommittees representing the east and west coasts of South America, with its approval of the general suggestions contained in such reports.

It earnestly recommends the serious consideration of such suggestions as practical propositions tending toward a prompt solution of the problems presented.

In order to insure continuous action and to avoid delays it recommends the appointment by the chairman of the Pan American Financial Conference of a permanent committee, to be composed of representatives from the United States and from Argentina, Brazil, Uru-

guay, Chile, Ecuador, and Peru. It should be the duty of this committee to obtain and furnish information pertinent to the subject and to take such other steps as in its discretion may seem fit or necessary to put into effect the plans outlined in the reports of the subcommittees above alluded to and further to consider and report to the chairman of the Pan American Financial Conference any other feasible, effective plan for the establishment of the desired expansion of shipping facilities.

In conclusion, it is the unanimous conviction of the committee that such plans should be adopted as will most speedily establish direct, effective, and permanent transportation facilities between the United States and the Republics of South and Central America.

Washington, D. C., May 28, 1915.

(Signed)

S. HALE PEARSON, *Chairman.*

R. C. ALDAO.

V. VILLAMIL.

JOHN E. ZIMMERMANN.

AMARO CAVALCANTI.

L. IZQUIERDO.

AUGUSTO VILLANUEVA.

GONZALO VERGARA BULNES.

VICENTE GONZALES.

ISAAC ALZAMORA.

EDUARDO HIGGINSON.

PEDRO COSIO.

GABRIEL TERRA.

CARLOS MARÍA DE PEÑA.

DAVID R. FRANCIS.

EDWARD N. HURLEY.

FRANKLIN Q. BROWN.

PAUL FULLER.

GEORGE W. NORRIS.

R. GOODWIN RHETT.

SOL WEXLER.

HARRY A. WHEELER.

J. G. WHITE.

CLAUD DE BAUN, *Committee Secretary.*

GROUP CONFERENCE REPORTS

ARGENTINA

ARGENTINA.

GROUP CONFERENCE REPORT.

Hon. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: The committee has held four well-attended conferences, the Hon. Samuel Hale Pearson acting as chairman of the meetings.

There was a very full review of the topics suggested by the Honorable Secretary of the Treasury and a discussion of those points in this list of topics which, in the opinion of the committee, were felt to have the broadest influence upon the question of better commercial relations between the United States and Argentina. It was recognized by the committee that as a fundamental proposition the only basis upon which commerce and banking can be successfully developed must necessarily rest upon the principle of fairness and a reciprocity of advantages.

After dealing with these subjects in a general way the discussion centered upon the following general headings:

I. Transportation.—With a view to establishing more regular and quicker transportation facilities for the movement of mails, passengers, and parcels, i. e., high-class commodities.

II. Cheaper telegraphic communication.—In connection with this subject it was pointed out that the United States has no direct American lines with Argentina except through the west coast cables in connection with transandine telegraph lines. Direct cable communication involves cooperation on the part of Brazil as well as on the part of Argentina and the United States.

III. Trading facilities.—In this connection it was pointed out that it would be futile for manufacturers and merchants in the United States to attempt to increase their trade with Argentina so long as they were compelled to deal through houses representing rival nations.

This subject was viewed from two standpoints.

First. The necessity of promoting in every way possible and by friendly and voluntary arbitration the settlement of claims or disputes between parties engaged in commercial transactions between

the two countries. The committee concluded that it should call in the assistance of the United States Chamber of Commerce and the Buenos Aires Chamber of Commerce to recommend to their respective members the adoption of a standard form of agreement in respect to settlement of trade disputes or claims by arbitrators appointed by these chambers, the arbitration in each case to be held where the contract was to have been fulfilled.

The committee decided that the arbitration of these trade disputes was of so great importance that the two Governments should be requested to give this proposal the force of law.

The committee also considered in this connection amendments required in commercial laws, but no resolution was adopted, because this topic had already been referred to a special committee.

Second. The necessity for the establishment in Argentina of American wholesale houses and of exhibition rooms and warehouses which would adequately represent and make known the manufacturers and merchants of the United States. This, it was pointed out, was especially necessary in facilitating the business of those manufacturers and merchants whose foreign trade was not sufficiently large to justify the establishment of individual branches.

IV. Increased banking facilities.—By which was meant facilities which would put manufacturers and merchants of the United States on a parity with the manufacturers and merchants of the European countries who are now well represented with banking facilities.

After a discussion of the above topics, they were disposed of in a concrete manner by the passage of resolutions which are herein embodied.

TRANSPORTATION.

Whereas in order further to develop the friendly, personal, political, and commercial relations already happily established between the Argentine Republic and the United States of America it is the unanimous opinion of the members of the Argentine group committee of the Pan-American Financial Conference that increased facilities are essential between the two countries for the interchange of passenger traffic and the more rapid carrying of mails,

Now, therefore, be it resolved, That the special committee of the Pan American Financial Conference to consider improvement in means of transportation and communication should be asked to recommend to the general meeting of the conference the passage of a resolution recommending that the respective Governments of the United States and the countries in the southern part of South America should be requested to cooperate in contributing in such way as may be feasible and expedient toward equalizing the increased cost—as compared with operating ships between European and the United States ports—of wages, officers' salaries, foods, and other items of operating expenses and maintenance—with a view to securing the establishment

and regular operation of sufficiently fast mail steamers, with adequate passenger, mail, and high-class cargo accommodations, between ports in the United States and ports in the countries so cooperating.

CHEAPER TELEGRAPHIC COMMUNICATION.

Whereas in view of the great distance and slow mail facilities existing between the Argentine Republic and the United States, the matter of quick communication between the two business communities is of vital importance to the development of trade,

Now, therefore, be it resolved, That this conference bring to the attention of the Governments of both nations the need for cheaper telegraphic communication and that they be urged to take any proper and necessary action tending toward the establishment of lower rates for direct telegraphic communication in cooperation, when desirable, with other Latin American countries.

TRADING FACILITIES (ARBITRATION OF TRADE DISPUTES).

Whereas your committee believes that the utilization of the arbitration system in accordance with the suggestion of the Argentine delegate, Dr. Aldao, will prove of the greatest value in the further development of the commercial relations between the countries represented in this conference,

Now, therefore, be it resolved, That this conference records its hearty approval of the principle of arbitration of commercial disputes between business men and recommends that all countries here represented cooperate in the establishment of such a system as soon as a practicable plan can be devised.

TRADING FACILITIES (AMERICAN TRADING HOUSES IN ARGENTINA).

Whereas in the opinion of your committee it would facilitate and assist in developing sales of American manufactured goods in Argentina if American manufacturers would establish adequate wholesale or jobbing houses and proper show or exhibition rooms and warehouses in which manufactured goods could be shown to prospective users and from which quick deliveries could be made,

Now, therefore, be it resolved, That to facilitate and expedite the distribution of their goods, American manufacturers should have legal authority to cooperate in export business either by joint selling arrangements or by subscribing to securities of wholesale or jobbing companies which might establish and operate adequate warehouses and showrooms or unite in such other cooperative effort as might be effective in developing export business.

INCREASED BANKING FACILITIES.

Resolved, That this committee favors the establishing of such banking facilities between the United States and the Argentine Republic as will effect a more intimate and reciprocal relation than now exists, based upon mutual cooperation and profit.

The committee deeply appreciates the opportunity it has enjoyed of meeting together and discussing these important subjects, and only regrets that the time at its disposal has been entirely inadequate to do full justice to subjects of such great importance.

This committee also desires to take this opportunity of expressing its hearty appreciation to the honorable Secretary of the Treasury, the chairman of the general conference, for the privileges thus granted, and expresses the hope that the relationships thus enjoyed may not only ripen into cordial friendships but lead to a better understanding of the problems and mutual interests of the two nations.

Respectfully submitted.

SAMUEL HALE PEARSON, *Chairman.*

BOLIVIA

BOLIVIA.

GROUP CONFERENCE REPORT.

Hon. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: A very full statement of conditions dealing with many of the questions suggested for consideration in the official program of the Pan American Financial Conference was prepared by the delegates from Bolivia prior to the opening of the Conference, as well as a separate report upon Bolivian finances, which latter report by resolution of the group committee has been appended to and made a part of this report.*

After a general discussion the committee was divided into two subcommittees—one to consider the problems of trade and commerce and the other the banking and general financial situation of Bolivia—and this report is accordingly made under these two subdivisions.

I. TRADE AND COMMERCE.

Natural resources.—Owing to the extent of its territory, Bolivia has a great variety of natural resources which remain almost wholly undeveloped.

Minerals.—Among the most important minerals of Bolivia not found in the United States, but in great demand in this country, are antimony, tungsten, bismuth, and tin, this last one representing the main and most important of the country's exports as well as its principal source of revenue. It is hard to explain why the United States, being so great a consumer of tin, has never made any real effort to import it from Bolivia; but two reasons at least are evident—the one is the want of smelting plants to treat the tin concentrates and the other is the high rate of freight and lack of good ocean transportation facilities. The Isthmus of Panama was the main obstacle to direct and cheap communication with the western coast of South America, but the opening of the Panama Canal has removed this obstacle, and it is now possible to bring freight to the

* See Exhibit A, page 327.

Atlantic ports of the United States from this region without transshipment.

The four important minerals mentioned above have hitherto been imported by the United States from Europe principally, and the present commercial conditions resulting from the war in Europe make self-evident the advisability of the United States developing a source of supply of these minerals independent of Europe and such as is afforded by Bolivia.

The exploitation of the mines and their development requires capital and offers a field of profitable investment to American financiers and miners,

Besides the minerals above mentioned as not found in the United States, Bolivia is also rich in copper, zinc, and lead mines, and the present limited production of all of these metals would be considerably increased if sufficient capital were found.

Live stock.—Recent estimates of the live stock found in two States in the eastern part of Bolivia place the number at 80,000 wild and 20,000 domestic cattle in the Province of Santa Cruz and 130,000 wild and 50,000 domestic cattle in the Province of Beni. This gives some idea of the possibilities of developing the cattle business on a large scale. The area covered by the grazing fields is larger than the whole State of Texas, and before epidemics killed off some of the wild cattle the number was very large. In the high plateau region of Bolivia is found a number of kinds of sheep, alpaca, and vicuña, whose wool and skin are valuable articles of trade. Capital is also needed to develop this branch of Bolivian resources, and railroads must be built to cheapen transportation.

Rubber, timber, and fruit.—Rubber is one of the most important products of Bolivia. Its exportation has grown steadily, and in 1913 amounted to more than 5,000 tons. The Bolivian forests in the eastern part of the country, tapped by great navigable rivers, are very rich in rubber trees, as well as containing many varieties of cabinet woods. What is said above as to the desirability of the United States developing sources of supply of metals independent of Europe applies with even greater force to the rubber industry where there is the added factor of the destruction or failure of trees in the rubber fields in other parts of the world. In this same region where rubber is found, coffee, cocoa, and all kinds of tropical fruits are abundantly produced, but can not be exported for want of transportation facilities.

Railroads.—The vast possibilities of Bolivia have been thus outlined to call the attention of American capital and enterprise to the country's need of a more complete system of railroads than it has at present. Railroads from the present centers of population to the eastern section of the country are of vital necessity, and no greater

impetus could be given to the development of that country than to carry out the construction of proposed railroads to that section. By reason of the fertility of the soil immigrants would find there prosperous homes and encouraging returns for their labor. Moreover, railroad building would greatly increase trade relations between the United States and Bolivia and by making available the untouched wealth of that country would open a profitable field for the investment of American capital.

Interior navigation.—The eastern section of Bolivia being tapped by a network of large navigable rivers flowing into the Amazon, a line of steamers from New York via the Amazon might well be established to reach this section of Bolivia.

Ocean transportation.—We feel that increased and improved ocean transportation is an essential necessity for trade improvement.

Foreign debts.—As stated in the memorandum submitted by the Bolivian delegates, Bolivia had no foreign debt up to 1908, when a loan of £500,000 was negotiated in this country, and two years later another loan for £1,500,000 was placed in Paris, and later on a third and last loan for £1,000,000 was also placed in Paris. All these loans were negotiated for remunerative purposes, such as the organization of a national bank, the construction of a railroad, and other public utilities. Bolivia has met regularly all its obligations. The interest on the foreign loans and the internal debt does not take more than 23 per cent of the national revenues.

Political situation.—The country, politically speaking, is perfectly peaceful and the regularity of its administration is evidenced by its sound financial standing.

Commercial laws and regulations.—We believe that through the proper diplomatic channels there should be brought about a modification of the laws and regulations now existing with regard to trademarks, duties and taxes levied upon samples and against commercial travelers, with a view to guaranteeing American patent and trademark rights, and making duties and taxes more liberal. Moreover, we would advocate the abolishment of any duties on advertising matter that is not imported for sale.

The committee cordially indorses the recommendation of the Postmaster General of the United States that postal rates of the United States be made applicable to the Latin-American countries upon a reciprocal basis and that a parcel post and money-order system be likewise established.

It is the opinion of the committee that the establishment of telegraphic or wireless communication between the United States and Central and South America owned and controlled by citizens of North, South, and Central America would have a tendency to facilitate and promote inter-American trade and commerce. The present

rates appear to be unusually exorbitant, and this means of communication under existing conditions is necessarily limited to the more important commercial transactions.

In the interest of a better understanding of conditions the committee urgently recommends that the press associations of the several countries give consideration to the question of establishing a proper system for the interchange of news, particularly that which relates to trade and commerce.

It is also recommended that proper steps should be taken to standardize as far as possible trade requirements of the several countries, and if proper bureaus can be established for this purpose the standards adopted should be recognized by manufacturers and producers.

II. BANKING AND FINANCE.

Public finance.—As shown in the statement submitted by the Bolivian delegates and printed in the appendix, the revenues of the Government of Bolivia are derived primarily from export and import duties. These revenues are supplemented by certain local taxes and excise duties. There is attached to and made a part of this report a copy of statement furnished the committee by the Bolivian delegates showing the revenues and expenses of the Government of Bolivia from the year 1904 to 1913, inclusive; also statement of foreign debt as of June 30, 1914, and statement of inland debt for the same period.*

To meet the depletion in revenues incident to the European war it was necessary for the Government to reduce salaries of all Government officials 30 per cent, to supplement its revenues by the adoption of a stamp tax, and to take other measures. In the interest of economy it was found necessary to suspend the operations of all legations except those in the United States and South America.

While the increase in exports since the beginning of the war has relieved the situation to a very great extent, it may be necessary for the Government of Bolivia to place a loan with investors in the United States. As this is a matter for the consideration of private bankers or investors, it is not deemed necessary to elaborate in this report the status of the public finances of Bolivia, but the statement hereto appended, furnished by the delegates from Bolivia, contains a very clear and frank résumé of the situation.

The monetary situation.—The Government of Bolivia issues no paper currency. The English pound sterling and Peruvian pound sterling are made legal tender by statute. As fully explained in the appended statement, the money in circulation consists primarily

* See Exhibit B, page 331.

of bank notes issued by four banks mentioned therein. By recent legislation only one bank will have the note-issuing power after present outstanding notes are retired.

The Bolivian Government has adopted the gold standard, but does not coin any gold money. It is the sense of the committee that the adoption of the United States standard of value by the Bolivian Government is not practicable at this time by reason of the present trade relations with other Governments. If, however, trade with the United States can be sufficiently developed to create a proper credit balance with the United States, with a resultant demand for American dollars to make settlement of trade balances, there seems to be no reason why ultimately they should not be made legal tender for all purposes.

In the meantime it would have a tendency to promote the development of trade relations and to popularize the American dollar in Bolivia if by legislation it can be made legal tender by the Bolivian Government for the payment of taxes and impost duties. It would likewise contribute to this end if arrangements could be made with the proper authorities by which American gold certificates and drafts on banks in the United States could be accepted in payment of such taxes and imposts, and as an incident to such an arrangement New York exchange should be quoted daily in the principal centers of Bolivia and Bolivian exchange quoted in New York.

The present banking situation.—The appended statement sets forth fully and clearly the banking situation of Bolivia and furnishes very convincing evidence of the possibilities of development of the banking business along conservative lines.

In the opinion of the committee the establishment of a bank possessing the necessary charter powers to meet local trade conditions, the capital for such bank to be furnished jointly by citizens of Bolivia and citizens of the United States, is very desirable. Such an institution could be made a strong factor in developing trade between the two countries. A commercial department could collect, analyze, and furnish proper credit information, and could, by guaranty of local credits, be instrumental in obtaining capital for local development. It is not believed that a branch of one of the national banks of the United States would possess the necessary charter powers to enable it to conform to local conditions and requirements.

Financing of public improvements.—It is the opinion of the committee that the successful financing of national and provincial loans necessitates the adoption of some satisfactory medium for disseminating information as to the true status of conditions in Bolivia. In order for any bank or syndicate to underwrite such loans the public of the United States should have a better understanding of

the true conditions. Erroneous impressions have in the past been created through the instrumentality of irresponsible promoters who have obtained doubtful concessions for the purpose of selling them and without either the ability or intention of complying with the terms of such concessions.

Central commercial agency.—The conference about to close will undoubtedly be fruitful of results in many ways, but to obtain speedily a practical realization of one of its fundamental purposes, namely, the improvement and growth of our financial and commercial relations, this committee recommends the organization of a central commercial agency to conduct its operations in connection with or under the supervision of the United States Chamber of Commerce. Its purpose would be to disseminate information and serve as a connecting link between the industries of the different American countries and the United States.

Such an agency could be established after a careful study of the reports of the several group committees showing conditions in Central and South America and would prove a valuable medium for the investors of the United States as well as the citizens of Central and South America who are seeking capital for legitimate and proper investment.

The delegates from Bolivia give every assurance that agents of responsible investors will receive the cordial cooperation of the Bolivian Government in the legitimate promotion of any proper enterprise, and the appended memorandum furnishes abundant information of the wide field for profitable investment that is afforded by the undeveloped resources of Bolivia.

In presenting this report, accompanied by the memoranda of the Bolivian delegates, we must express our earnest wish for the fulfillment of our hopes for the peace, friendship, and growth of the common interests of our countries, and congratulate the Secretary of the Treasury upon the success of his worthy endeavors.

Respectfully submitted.

IGNACIO CALDERÓN, *Chairman.*

EXHIBIT A.

MEMORANDUM ON BOLIVIAN FINANCE.

CURRENCY.

Bolivia is perhaps the only country in South America that never has had paper money. Its currency at present is based on the gold standard, established by law in 1908. According to it, and until it may be possible to mint a national gold coin, the English sterling pound and the Peruvian gold money are the only legal tender.

Bank notes are generally used and form the bulk of the country's currency. Silver pieces of the value of 50 cents, 20 cents, and nickel money of 5 cents and 10 cents denominations supplement the currency in circulation. Gold is very scarce and the banks keep it in their vaults as a reserve and guaranty for their notes, the law requiring 40 per cent of their issues to be represented by gold coin. Legally a boliviano is the unit of the monetary system; 12.50 bolivianos are considered as equivalent to a pound sterling. The silver pieces in circulation are 50 cents, of 10 grams weight, and the 20-cent pieces, of 4 grams weight, both 833 fine. The original silver boliviano was a piece of 425 grains weight and 900 fine, but it is not coined any more.

BANKS.

There are at present four issue banks and four mortgage banks, besides agencies of a German bank at La Paz and Oruro.

In 1913 Congress passed a law restricting to one bank the right to issue notes, but the depression caused by the stringent measures taken by the banks whose notes were to be retired compelled Congress to pass a law last November to extend for 10 years the final retirement of all the then outstanding bank notes.

The law requires keeping as a guaranty for the bank-notes circulation 40 per cent of their amount and the obligation to redeem them for gold on presentation, a requirement not always enforced.

The combined capital of the four banks of issue is as follows:

Name of bank.	Acknowledged capital.	Paid up.
	<i>Bolivianos.</i>	<i>Bolivianos.</i>
Banco Nacional de Bolivia (the oldest bank of Bolivia).....	12,500,000	8,000,000
Banco F. Argandona.....	12,500,000	4,000,000
Banco Mercantil.....	25,000,000	10,000,000
Banco de la Nación.....	25,000,000	18,962,500

All of these banks pay regularly good dividends that amount on an average to 10 per cent annually.

They have to pay 8 per cent tax on their net earnings and one-half per cent on the average circulation of their notes.

Notwithstanding the serious crisis caused by the sudden interruption of commercial and financial activities on account of the war, none of the banks failed to make good profits. The Banco Nacional de Bolivia, after deducting all charges and putting aside the annual reserve, paid 5 per cent semiannual dividend on the 31st of last December.

The Banco de la Nación earned the last six months of 1914 over a million bolivianos, but, being the principal provider of foreign drafts, its losses on account of the drop in the exchange have been very heavy.

The war in Europe has caused a fall in exchange from 18½ pence per boliviano to about 15 pence. This bank, being a Government depository, has had occasion to appreciate the great drop in the revenues of the country during the last six months of 1914 and to feel the reaction that has commenced owing to the resumption in the exportation of tin.

The amount of bank notes in circulation decreased in 1914 to 21,490,713 from 24,490,535 bolivianos in 1913.

The gold in cash in the Banco de la Nación in December, 1914, was £521,901, that at the legal rate of 12.50 bolivianos per pound represents 6,537,625 bolivianos against the value of its notes in circulation, 12,551,361 bolivianos, which represents much more than the 40 per cent required by law.

LOANS.

Bolivia has been free from foreign debts until the year 1908, when the first one was contracted with J. P. Morgan & Co. for £500,000 at 90 per cent and 6 per cent interest plus 2 per cent amortization. In 1910 a loan mainly to establish a bank was placed in Paris for £1,500,000 at 87 per cent and 5 per cent interest and 1.10 per cent amortization. Finally in 1913 another loan for £1,000,000 was placed also in Paris at 90 per cent and 5 per cent interest, 1 per cent amortization. This loan was contracted exclusively for a railway construction and on account of the war the bankers have not paid it yet. The coupons of all these loans have been regularly met. Bolivia has also an internal debt that amounts to approximately 1,155,000 pounds sterling.

RAILWAYS.

The first railway in Bolivia was inaugurated in 1902, and is known as the Antofagasta-Bolivia Railway, and belongs to an English com-

pany. Starting from the port of Antofagasta, in Chile, this road reaches Oruro, a city in Bolivia. The length of the road is 934 kilometers of narrow gauge.

In 1900 the Bolivian Government undertook the construction of a short line from the borders of Lake Titicaca to La Paz, 97 kilometers, which was opened to traffic in 1903.

In 1904 a contract was made in New York, the first of its kind ever made by any South American country with American capitalists, for the building of a system of railroads to unite the north and south of the country and also extend them to the eastern section.

After completing the first line between La Paz and Oruro, a distance of 217 kilometers, the contract was transferred by the American bankers to the English company operating the Antofagasta road, and the line from Oruro to Potosí was built by that company, a distance of 322 kilometers.

The line from Oruro to Cochabamba, 209 kilometers, is still under construction, but it may soon be finished.

Another line from Rio Mulato to Tupiza, 241 kilometers, to connect with the Argentine roads in the Bolivian frontier, is also being built and will, when finished, establish an all-rail communication between La Paz and Buenos Aires.

All the work of these lines has been carried through with the £2,000,000 contributed by the Government and £3,000,000 by the bankers.

Unfortunately, other very important and necessary roads, such as the road from La Paz to the Beni River, from Puerto Suárez on the Paraguay River to Santa Cruz, etc., remain in project, and they are not only absolutely necessary but would develop the richest and most promising sections of Bolivia.

MINES.

For the present and notwithstanding the great agricultural possibilities in Bolivia, mining is, and has been ever since the Spanish conquest, the main industry in Bolivia. The country is one of the richest in the world in mineral resources. Silver has been for over four centuries, commencing with the early days of the Spanish conquest, one of the most important products. The Spaniards found it so valuable that they established in Potosí the second mint in all America for coining money, the other being that of Mexico.

Now tin has taken a very commanding place amongst the exports of Bolivia, amounting to over 44,000 tons of concentrates. There are also rich mines of copper, bismuth, cobalt, zinc, antimony, gold, etc. Lately important petroleum deposits have been found in many sections of the country.

INTERNATIONAL TRADE.

The growth of Bolivia and its possibilities can be appraised by the growth of its foreign trade, notwithstanding all the drawbacks of the lack of means of transportation and of population.

In 1902 the total export and import trade reached only to about £3,200,000 a year. In 1913 it reached the sum of about £11,450,000.

The bulk of the exports went to England, Germany, France, and Belgium. The United States received only \$392,245, and sent to Bolivia from three to four million dollars in round numbers.

PUBLIC REVENUES.

The public revenues of Bolivia have also grown considerably. They are derived principally from the export and import duties. Tin and rubber are the principal articles of export, and as both have been almost stopped on account of the war the revenues of the country have fallen considerably, making it necessary to take some measures to retrench expenses in every way. Salaries have been reduced 30 per cent and almost every public-utilities work has been stopped. Moratoria for a few months were decreed, and as the price of food-stuffs commenced to get very high the Government imported large quantities of flour and took other measures to meet the emergency.

GENERAL REMARKS.

The territory of Bolivia is third in extent after Argentina and Brazil, but its population is only about two million and a half. The country is perfectly peaceful and orderly. The President is elected for four years without reelection, and foreigners enjoy every right granted by the constitution to the natives.

The mining laws, the immigration laws, and the public land-grant laws are most liberal. No country offers a better field for large enterprises on account of the rich natural products, so abundant in mineral as well as in all other branches of industry. Capital is urgently needed to utilize the natural wealth which is ready to yield handsome returns.

Besides the mineral resources in the high plateaus, the eastern section of Bolivia is wonderfully rich in fertile lands for grazing and agriculture and virgin forests watered by many large and navigable rivers. The study of the country and its possibilities would reveal how great is its future and how profitable it would be to help its development by the liberal employment of capital and the settlement of immigrant colonies.

This very rapid sketch of Bolivia, deficient as it is, no doubt will awaken the interest of financiers and industrial men to its possibilities as a field for investment.

EXHIBIT B.

National revenues during the last decade 1904-1913.

Year.	Revenues.	Year.	Revenues.
	<i>Bolivianos.</i>		<i>Bolivianos.</i>
1904.....	6,838,576	1909.....	11,847,281
1905.....	7,854,698	1910.....	12,583,232
1906.....	10,401,512	1911.....	16,913,512
1907.....	13,166,684	1912.....	20,164,602
1908.....	11,604,063	1913.....	22,018,874

The above table shows an increase of 230 % during the said decade.

The annual departmental revenues may be estimated at 3,000,000 bolivianos.

Amounts in bolivianos required for the payment of interests on all debts and for their redemption.

Guarantee of "Bolivia Railway" bonds	750,000
Guarantee of "Cochabamba Light & Power" bonds	225,000
For interest on and redemption of other loans	3,360,620

Total 4,335,620

As the national revenues amount to a total of 22,018,874 bolivianos, the above expenditure represents less than 20 per cent of the same, which is certainly a very significant proportion.

Statement of foreign debt on June 30, 1914.

Date of act authorizing the loan.	Loans.	Inter-est.	Re-demption.	Issued at—	Bankers.	Principal amounts issued.	Balances in bolivianos gold cy. at 19 1/55.
		<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>			
Nov. 28, 1908	Morgan loan, 1909.	6	2	90	J. P. Morgan & Co.	£500,000.00	5,473,280.83
Feb. 3, 1910	French loan, 1910.	5	1.10	87	Crédit Mobilier Français.	1,500,000.00	17,986,250.00
Dec. 5, 1912	F. C. Tupiza, La Quiaca loan.	5	1	90	do.....	1,000,000.00	12,378,750.00
						3,000,000.00	35,838,280.83

Statement of inland debt on June 30, 1914.

Date of act authorizing the loan.	Public debts.	Re-demption.	Inter-est.	Total issue.	Balances on June 30, 1914.	Total indebtedness.
		<i>Pr. ct.</i>	<i>Pr. ct.</i>	<i>Bolivianos.</i>	<i>Bolivianos.</i>	<i>Bolivianos.</i>
Jan. 17, 1907.....	Inland loan bonds.....	1	3	4,826,300.00	1,453,225.00	2,711,195.81
Feb. 5, 1910.....	Military bonds, old issue.....		8	348,200.00	144,000.00	144,000.00
Jan. 2, 1914.....						
Dec. 15, 1909.....	Acre and Pacific mili- tary bonds.	2	8	2,077,000.00	1,935,400.00	2,099,412.40
Jan. 18, 1911.....	Acre indemnity bonds...	3	3	202,500.00	190,000.00	426,898.27
R. S., May 2, 1911.	Government bonds of 1914.	1	8	2,775,000.00	2,775,000.00	2,775,000.00
Jan. 22, 1914.....				10,229,000.00	6,547,625.00	8,156,506.48

BRAZIL

BRAZIL.

GROUP CONFERENCE REPORT.

HON. WILLIAM G. MCADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: The committee over which I have the honor to preside, in order to give more careful consideration to the questions proposed for discussion, was divided into two subcommittees, one on banking and laws relating thereto, and the other on trade and commerce and laws relating thereto.

The committee on banking was composed of the following-named gentlemen: Messrs. Paul M. Warburg, chairman, W. S. Kies, Frederico Lage, James B. Forgan, and John Bassett Moore.

The committee on trade and commerce was composed of Messrs. Caesar Cone, chairman, Charles Sutter, E. W. Rice, jr., E. P. Thomas, E. Q. Horton, and Arthur W. Jones.

The reports of these two subcommittees have been considered by the General Committee and were unanimously adopted as a part of its report. The reports are here presented, as follows:

BANKING.

The subcommittee appointed by the Brazilian group for the consideration of the subject of banking in general submits the following report:

The subject of banking should be considered under two heads—Government and corporate financing, and commercial banking. There have been submitted to the conference very explicit reports covering the first subject, and it would be mere repetition to consider this particular subject at length. Commercial banking should properly be considered under two heads: (1) Financing transactions involving the importation and exportation of goods; (2) local commercial banking.

Financing transactions involving importation and exportation of goods.

The present offers large opportunities for the development of the acceptance business between Brazil and the United States, and through this development an increase in the exchange of products

between Brazil and North America. This acceptance business can now be undertaken by all American banks and bankers of standing and responsibility, no matter whether they have branches or not. It is merely a question of establishing business relations, which of necessity will require time to develop. In view of present conditions in Europe which render it necessary that relief be given promptly and liberally, every effort should be made to develop comprehensive business connections as rapidly as possible.

The branches of American banks thus far established in Brazil should be of great service in furnishing needed commercial information and in acting as agencies for the development of commerce. These branches should be in a position to serve as the media for building up the acceptance business, not only in behalf of the parent banks but should act broadly for all banks in their own country. Considering the centralization of the coffee business in parts of Brazil and of rubber in other portions in the hands of large shippers, the amounts involved in financing the marketing of these commodities are so large that it may be necessary for groups of American bankers to act together to obtain satisfactory results.

Both the large Brazilian and American commission houses and the American export and import firms should do their share in facilitating the establishment of new relations. These concerns will primarily profit from the establishment of a broader discount and acceptance market in America, and should in every possible manner cooperate in an effort to bring about the desired results.

Inasmuch as a committee of the conference has been appointed to consider the subject of trade laws, this committee does not desire to enter into a discussion on that subject. We may point out, however, that the development of banking relations will be greatly aided by more definite regulations and a clearer definition of the legal status of acceptances, indorsements, and protests of commercial paper, bankruptcy procedure, warrants and warehouse receipts, and the establishment of a more comprehensive system of warehouses. There is no doubt that a large amount of American money can be made to flow to South American countries if reliable warrants of reliable warehouse companies can be given the status of negotiable paper, as in this country, and can be freely accepted by banks as collateral without risk.

Local commercial banking.

The branches of American banks now open and others which it is hoped will be opened will be able to render important service in their communities by gradually taking up the local banking business in the same manner as is done by existing domestic and foreign banks.

Your committee believes that the United States should encourage in every possible manner the opening of further branches, and, if found advisable, to broaden the banking laws so as to permit the establishment of branches representing groups of banks.

As commerce increases between the Americas, it may be found advisable to widen the powers of American banks and thus put them, as far as possible, in a position to compete successfully with foreign banks.

Your committee is confident that the American branches will use their best endeavors to develop this local commercial business as rapidly as it can possibly be done; but it must, of course, be borne in mind that, at first, progress in the development of these banking relations must of necessity be slow until the managers of these branches familiarize themselves with local conditions. Banking of this nature depends entirely upon confidence based upon mutual acquaintance and each banking transaction will require close study of the financial and commercial conditions underlying the proposition.

Large results can only be achieved if business is built up in each case upon a safe foundation, and this can only be done where there is a spirit of mutual helpfulness and information concerning financial conditions is freely given.

It must be remembered that local banks and the foreign banks now operating in Brazil have an extensive knowledge based on an experience obtained during a long period of years, and that the standing of would-be borrowers is well known to them. New banks entering the field should receive all possible assistance so that they may equip themselves in as short a period of time as possible for the doing of the necessary local business. The success of American branches, in so far as they shall be expected to participate in the purely local banking business of the country, will depend very largely upon that degree of cooperation which shall be accorded them by the people of Brazil. While American banks entering Brazil must realize that they will have to accommodate themselves to Brazilian usages and customs, it may also be said that the Brazilian business man will, to a certain extent, be obliged to consider American customs. The fact must not be overlooked that branches of American national banks are restricted in their operations by the laws of the United States under which they are organized. These banks are under the supervision of American bank examiners and are obliged to observe certain rules as to the liquidity of their loans, as to the amounts which they are permitted to lend, and as to the character of the loans. There are certain loans, as, for example, real-estate loans, which a United States national bank is prohibited from dealing in.

The Brazilian business man, it is hoped, will do what he can to make it possible for American banks to give real financial assistance within the restrictions under which these banks are obliged to operate. The Brazilian business man can help in several ways, particularly in not being overexact with respect to the time for which credit is asked. In the development of the American banking system the principle has become fixed that loans should be reasonably liquid, and in the Federal reserve act the limit for loans made by the Federal reserve banks has been placed at 90 days for strictly commercial loans and 6 months for what might be termed loans for agricultural purposes.

Another principle adopted by the Federal reserve banks and the member banks is that the condition of borrowers shall be made known with entire frankness to the bank. In the matter of loans in excess of certain amounts, the borrower in the United States is required to submit a statement of his condition, and in the United

States this custom is generally complied with. It is felt that the stronger the financial standing of a merchant the less should be his objection to reporting to his banker the condition of his business. It can not be expected that branches of American banks will become factors of great importance or will be able to render valuable assistance locally unless the firms which desire to use their facilities and to request accommodations for their ends are willing to give the information necessary to permit of the doing of business in a safe manner. By freely establishing these credits American branches will facilitate in a large measure importation and exportation of goods between the two countries.

TRADE AND COMMERCE.

The Brazilian subcommittee on problems of transportation and commerce beg to submit the following recommendations to the general committee on Brazil:

(1) We recommend that greater prominence be given in the public schools and other educational institutions of the United States to the study of the Central and South American countries, their geographical location, natural resources, government, and language.

(2) We recommend that emphasis be given to the necessity of greater liberality being exercised in the interpretation of customs regulations by the countries of North America, and Latin America especially, with respect to the free entrance or drawback of duty on travelers' samples or other samples introduced into the respective countries, solely for the purpose of promoting trade.

(3) With respect to the necessity of more effective protection of trade-marks, we call attention to the efforts that have been made in previous years by conferences among several nations to protect the inviolability of trade-marks and to facilitate the granting of trade-marks, and recommend renewed consideration and joint agreement by special committees from each country on this subject.

(4) To facilitate reciprocal business relations between merchants and manufacturers of both nations and the granting of such reasonable credits in both directions as may be safe and desirable, we recommend the establishment of a reliable means whereby merchants and manufacturers of either nation can determine with reasonable accuracy the financial responsibility of the purchaser of the other nation, and to this end the active and liberal cooperation of the banking institutions of each nation is invited.

(5) This subcommittee strongly recommends that there be established between the United States and Latin-American countries a system of direct exchange based on the dollar unit of the United States of North America.

(6) In order to facilitate the interchange of products adapted to the needs of American countries we recommend the formation of bureaus of standards of the respective countries to standardize, in so far as possible, the requirements of each country, and recommend to the manufacturers and producers of the several countries the immediate recognition of such standards and corresponding weights and measures, and we urge that such steps be taken in the United States

as will insure the general adoption by it of the metric system of weights and measures within a reasonable term of years.

(7) We draw attention to the favorable results which have followed the granting by Brazil and Cuba of preferential duties applying to certain products of the United States and recommend the extension of reciprocal tariff concessions between the Latin American countries and the United States.

(8) We emphasize the extreme necessity for rapid, frequent, and dependable marine transportation service to provide adequately for the maintenance and development of commerce between the States of North and South America.

(9) We recommend that the postal rates now existing within the United States be extended to include the Latin American countries and made reciprocal, and that it is of the very greatest commercial importance that a parcel-post and money-order system be generally established.

(10) We urge the extension of direct telegraphic service, either wireless or cable, between all parts of North, Central, and South America, to be owned, controlled, and operated by exclusively American interests.

(11) We recommend to the press of all the interested countries that a more comprehensive and reliable system for the exchange of important news items be established.

GENERAL SUGGESTIONS.

The general committee also unanimously adopted the following recommendation:

“Your committee feels that permanent results will flow from this great conference if specific efforts are made to carry on the work after the conference is ended. Success along this line can only come by a definite, organized effort and by keeping attention focused upon the particular problems which may arise in connection with the development of commercial relations between North, Central, and South America.

“We feel that the establishment of a permanent expert body, upon which shall be represented as far as practicable all American Republics, is essential to the growth of commercial relations between the Americas. Such a body of experts should, we believe, closely cooperate with the Pan American Union; it could devote its energies to a study of trade laws, customs regulations, business practices, financial and commercial relations, with the purpose of developing a greater uniformity in laws and customs and of furnishing accurate and reliable information bearing upon financial and commercial problems. One of the main purposes of such an organization would be to furnish a source of reliable information which could be readily available to the business men of any of the countries.

"Of most importance at the present time and in the immediate future is the mutual education of the business men of the Americas, not only in regard to business customs and trade laws, but also concerning the resources of the various countries, the problems in connection with their development, and the results which may be expected from capital conservatively invested. Information of this kind is particularly necessary in the United States. South and Central American Republics, which are at the present time looking to North America to furnish capital for the development of their countries, should be keenly interested in educating the investors of the United States as to the business possibilities and resources of their countries. A wide-spread knowledge of conditions and an understanding of the resources of countries are prerequisite to the successful attraction of capital.

"It is important that the committee or commission should have a responsible permanent head with expert experience, the committee itself to be composed of experts representing each of the countries. The expert representing each of the countries might himself very properly be the permanent chairman of a committee of business men to be appointed in each country to advise with the committee through their chairman."

The committee therefore suggests and recommends the adoption of the foregoing recommendations by the Pan American Financial Conference.

Respectfully submitted.

AMARO CAVALCANTI, *Chairman.*

APPENDIX TO REPORT OF COMMITTEE ON BRAZIL.*

FOREIGN COMMERCE OF BRAZIL WITH THE NATIONS HERE INDICATED, QUINQUENNium FROM 1910 TO 1914.

The values have been calculated upon foreign coins, taking as a basis the international parity of 112.10.0 equal to milreis 1.000 \$000 (Brazilian money account), also that of francs 25.22 equal to a pound sterling, and still francs 5.18 equal to \$1 (American coin).

Imports and exports of four countries whose balance shows favorable to Brazil.

	Imports.	Exports.	Balance.
	£	£	£
United States.....	39,814,441= \$191,108,316.80	115,974,201= \$556,676,164.80	76,159,760= \$365,566,848.00
Netherlands.....	2,149,466= 10,317,436.80	20,889,652= 100,270,329.60	18,740,186= 89,952,892.80
Austria-Hungary.....	3,733,686= 17,921,692.80	13,243,242= 63,567,561.60	9,509,556= 45,645,868.80
France.....	24,260,276= 116,449,324.80	29,695,627= 142,539,009.60	5,435,351= 26,089,684.80
Total ¹	69,957,869= 335,797,771.20	179,802,723= 863,053,065.60	109,844,854= 527,255,294.40

¹ In favor of Brazil.

What will explain such an enormous difference against the United States? In my opinion this question has been already answered by some publications made in the United States, wherein facts and conditions are pointed out which state in a veritable way the trade situation at present existing between Brazil and the United States.

Such facts and conditions are the following:

(1) Business people of North America have in general but a very confused idea of trade and commerce in Brazil.

(2) Even the great manufacturers, merchants, and exporters have not yet endeavored properly and earnestly to study and understand the financial and business methods likely to enlarge their relations with the customers and consumers they already have in Brazil, except in regard to some few articles, the most important of which is flour, which at present enjoys a reduction of 30 per cent in all customhouses in Brazil.

(3) Such ignorance in relation to the Brazilian trade and commerce is mainly due to lack of a more frequent communication of all kinds between the two countries, which is not true of the principal European countries, which have an increasing interest with the South American countries through their steamship lines touching continually the ports of Brazil.

(4) The most of the North American manufacturers, merchants, or experts do not know, in a reliable manner, what are the common or most prevalent market prices of the European goods that are imported by the Brazilian mer-

* Presented by Dr. Amaro Cavalcanti.

chants, in order to compare them with those of similar goods when manufactured in North America.

(5) They are ignorant, further, of what kinds of merchandise are being manufactured to-day in Brazil, their quantity and their quality, and what price similar merchandise can obtain most commonly in the international markets.

As to the particular advantages to come from the increase of steam navigation between the two countries, they are self-evident. It suffices to state that given the organization of a monthly line between Rio de Janeiro and New York by the Brazilian Lloyd, in spite of its being composed of a few small steamers, the exports of North America to Brazil has increased in an extraordinary way, as one can see from the following figures:

Exports of North America to Brazil.

1910-----	£6, 127, 582. 0.0	or	\$29, 412, 393. 60
1911-----	7, 045, 277. 0.0	or	33, 817, 329. 60
1912-----	9, 899, 036. 0.0	or	47, 515, 372. 80
1913-----	10, 553, 432. 0.0	or	50, 656, 473. 60
1914-----	6, 189, 114. 0.0	or	29, 707, 747. 20

Amounting to a total of-----£39, 814, 441. 0.0 or \$191, 109, 316. 80

Leaving out of account the year of 1914, it being an abnormal one, the Brazilian imports of North American goods during the preceding four years show an increase of about 42 per cent—a progress never before attained by any other country in an equal space of time.

Now, it seems to me opportune to say a word on the intelligent way in which the Germans have developed their trade and commerce in Brazil during the same last five years:

Imports from Germany.

1910-----	£7, 607, 898. 0.0	or	\$36, 516, 910. 40
1911-----	8, 869, 911. 0.0	or	42, 575, 572. 80
1912-----	10, 909, 079. 0.0	or	52, 363, 536. 00
1913-----	11, 737, 398. 0.0	or	56, 339, 510. 40
1914-----	5, 719, 045. 0.0	or	27, 451, 416. 00

Amounting to a total of-----£44, 843, 331. 0.0 or \$215, 246, 945. 60

Exports to Germany.

1910-----	£7, 466, 734. 0.0	or	\$35, 840, 323. 20
1911-----	9, 702, 501. 0.0	or	45, 572, 004. 80
1912-----	10, 684, 814. 0.0	or	51, 287, 107. 20
1913-----	9, 134, 240. 0.0	or	43, 844, 352. 00
1914-----	4, 636, 318. 0.0	or	22, 254, 326. 40

Amounting to a total of-----£41, 624, 607. 0.0 or \$199, 798, 113. 60

The balance in favor of Germany is scarcely £3,218,715, or \$15,449,832, while the totality of all values, both imported and exported, reaches the total sum of £86,467,929, or \$415,046,059.20. Leaving out of consideration the abnormal year of 1914, the difference between the import value of £7,607,898, or \$36,517,910.40, in 1910, and that of £11,737,398, or \$56,339,510.40, in 1913, shows an increase of £4,129,500, or \$19,821,600, or 35 per cent.

As to the Brazil exports from 1910 of £7,466,734, or \$35,840,323.20, to 1913 of £9,134,240, or \$43,844,352, its increase has been 30 per cent.

The comparison of these figures on both sides "Imports and exports" serves to convince one of the beneficial and reciprocal advantages really produced by trade between Brazil and Germany in the period referred to.

It is such a kind of commercial equilibrium that we desire shall also exist through an extensive and growing intercourse between Brazil and the United States. But this German situation was not acquired in the Brazilian markets as a mere matter of chance; not at all.

The Germans have not attained it except by studying thoroughly the economic conditions of Brazil, by looking into its several branches of trade activity, by establishing German banks in its principal cities, by maintaining and increasing between their country and Brazil German lines of steam navigation, by inquiring into the conditions of credit to be opened to Brazilian importers or merchants worthy of confidence, by examining carefully not only the reliable reasons for good returns from the manufactures exported but the same on the products to be imported either for food or as raw material for the factories, and finally by lending and investing German capital in favor of commercial transactions and agricultural and industrial enterprises between the two countries.

If the German methods proved really efficient and favorable for the great development of trade between Brazil and Germany, why not adopt equal methods between Brazil and the United States?

SOME SUGGESTIONS.

Regarding the subject of relations in general between the North, Central, and South American countries, it seems to me to be an opportune time to offer the following suggestions:

(a) It is necessary to put an end once for all to the misconception, if it exists anywhere, that the United States, by promoting the enlargement of its relations with the Central and South American Republics, aims but to increase a way of better patronizing them, pursuant to the principles of the Monroe doctrine. As to Brazil, in particular, such a misconception never existed.

Whatever may be the interpretation freely given to the said doctrine, the truth is that on one side all of the Republics in South and Central America have entire self-consciousness of their political position as independent nations, knowing that they are sovereigns within their territories, as the great North American Republic is. On the other hand, it is absolutely certain to each that the United States has continually demonstrated that it has no other feeling or intention with reference to its sister Republics that those of mutual progress, development, and prosperity. The respect for each country's right and privileges has been always the continued rule of its conduct toward such Republics. Therefore there is no reason whatever for them to admit so mischievous an insinuation, obviously disseminated with a view to diminishing and weakening their good will and sympathy with the United States.

(b) It is likewise necessary to be settled that in the market of South America there is no exclusive preference toward the goods imported from Europe. The South American merchant will buy from the North American producer or manufacturer as much or more than he does from the European, provided that the former offers him price, quality, and other conditions not inferior to those offered by the latter; or, as it already has been observed, "it should not be

imagined that the customer at the other end has any respect or sentiment for the national origin of the goods he is prepared to buy. The customer is the ordinary human being and struggles to get the best value for his money, with no care whether the article is of American or European make, so long as the price, quality, and style are suitable to him." Such is, and such shall ever be the predominant rule in business or trade affairs.

Of course if we look upon the figures of the foreign trade—I speak on this point with particular reference to Brazil—we shall find a somewhat enormous balance against the United States in comparison with some European countries with which we maintain most frequent commercial relations, as, for example, while Brazil has imported, from 1910 to 1913, \$335,340,153 from England and \$215,247,945 from Germany, on the other hand the importations during the same period from the United States did not exceed \$191,109,316. Also if we compare the figures of importation and exportation, say, between England or Germany and Brazil, we shall still find a balance in favor of the former of \$101,056,756 and \$15,449,832, respectively, while similar figures between Brazil and the United States show a new difference against the latter of \$365,566,848.

But it is now to be observed that such difference unfavorable to the United States does not mean in any way a lack of good will toward this country. The fact is merely due to some special circumstances, the principal of which may be briefly stated as follows: First, the priority of the Europeans in South America, steadily increasing by the establishment of commercial houses, banks, and industrial enterprises of various kinds in different parts of the countries concerned; and, second, and above all, by the increasing investment of European capital there.

If the North American producers, merchants, manufacturers, and capitalists are willing to act in the same way and to an equal extent, and being guided by the same spirit, purpose, and belief, there can not be any doubt that they will get a large field for business, securing equal or more profitable returns.

Moreover, there are yet some conditions of detail that the business men of North America leave out of consideration, and this undoubtedly to their disadvantage. Although it is true that the South American markets have been visited in the last few years by North American travelers, manufacturers, merchants, and capitalists, or their agents, yet the fact remains that they do not have enough reliable information as to the said markets. I should say, regarding the goods and under what conditions they would be better accepted by the customers and consumers in the different countries, sometimes one deals with a question of the size, form, color, or style of the article, and even of its packing, as already used or preferred, which will decide their general acceptance in the market. In this particular no foreign merchant or manufacturer has proved better disposed to any arrangement than the German exporter, for what he wants is to get a market for his goods, whatever may be the conditions required by the importers or consumers. This explains the high figures the German commerce has reached everywhere in South America.

(c) The question of credit is a fundamental one for business relations with South American merchants. As to Brazil, for example, it is important to keep in mind that the great importers in the markets of Para, Pernambuco, Bahia, Rio de Janeiro, Santos, Rio Grande do Sul, and the other centers of Brazil, reputable men and well regarded as they are generally, have been accustomed to enjoy all facilities of credit, purchasing, as a rule, the goods imported on terms of 60, 90, 120 days, and even of 6 months. It will be unnecessary to mention that the American exporters do not sell their goods under those conditions, sending their goods to the customers only for advanced payment.

(d) It is still desirable to insist on the need of American steamship companies and American banks in South America as a means of improving and increasing the commercial relations between the countries there and North America. The steamship lines are needed for the prompter transportation of people and goods, and the banks for facilitating all the pecuniary transactions.

So far as concerns Brazil, it can be asserted that the two now existing steamship lines, one Brazilian and the other English, are not likely to meet all the requirements of an increasing movement of first-class passengers and of a more rapid postal service, as would be desirable.

With regard to the lack of American banks in the South American commercial centers, all we know is that last April two agencies of the National City Bank of New York, one in Rio de Janeiro and the other in Santos, began to operate, but under such limited circumstances that as yet they do not fulfill the ends had in view. It would be at least desirable that other similar agencies should be established as early as possible in the other principal cities of the country.

PARTIAL LIST OF GOODS IMPORTED DURING THE LAST FIVE YEARS.

	Imports from all countries.		Imports from the United States.	
	In contos.	In pounds sterling.	In contos.	In pounds sterling.
Scales.....	1,840	122,666	795	53,000
Cement.....	68,195	4,546,333	4,555	303,666
Flour.....	155,325	10,421,666	59,720	3,981,333
Dried fruits.....	8,462	564,133	231	15,400
Condensed milk.....	20,293	1,352,866	442	29,466
Writing machines.....	4,835	322,333	4,040	269,333
Pianos.....	9,321	621,333	1,260	84,000
Timepieces.....	6,820	454,666	1,871	124,732
Printing ink.....	1,579	105,266	230	15,333
Varnishes.....	2,581	172,066	704	46,933
Rubber manufactures.....	11,124	741,600	1,904	126,933
Furniture.....	10,455	697,000	1,664	110,933
Windmills.....	1,647	109,800	186	12,400
Total.....	302,277	20,231,728	77,602	5,173,462
Annual average amounts.....	60,695	4,046,345	15,520	1,034,692

NOTE.—The rate of 16d. for 1\$000, or 1 pound sterling, 15\$000, was taken for the conversion, as it was the exchange rate at the time referred to.

Population and surface.

	Inhabit- ants.	Square kilometers.	Square miles.	Density of population.	
				Per square kilometer.	Per square mile.
Amazonas.....	500,000	1,894,724	731,553	0.3	0.7
Para.....	780,000	1,149,512	443,827	.7	1.8
Maranhao.....	600,000	459,884	177,561	1.3	3.3
Piauhv.....	450,000	301,797	116,523	1.5	3.8
Ceara.....	1,000,000	104,250	40,250	10.0	25.9
Rio Grande do Norte.....	480,000	57,485	22,194	8.0	20.7
Parahyba.....	650,000	74,731	28,853	9.0	23.3
Pernambuco.....	1,650,000	128,395	49,573	12.9	33.4
Alagoas.....	800,000	58,491	22,583	13.7	35.4
Sergipe.....	500,000	39,090	15,092	12.8	33.1
Bahia.....	2,580,000	426,427	164,643	6.0	15.5
Esperito Santo.....	430,000	44,839	17,312	9.6	24.8
Rio de Janeiro.....	1,250,000	68,982	26,633	18.1	46.8
Sao Paulo.....	3,200,000	290,876	112,307	11.0	28.5
Parana.....	570,000	251,904	97,260	2.3	5.9
Santa Catharina.....	510,000	43,535	16,808	11.7	30.3
Rio Grande do Sul.....	1,750,000	236,553	91,333	7.4	19.1
Minas Geraes.....	4,850,000	547,855	211,540	8.8	22.8
Goyaz.....	302,996	747,311	288,537	.4	1.0
Matto Grosso.....	300,223	1,378,783	532,348	.2	.5
Distrito Fed.....	1,000,000	1,116	431	897.5	2,319.5
Acre.....	195,000	191,000	73,745	1.0	2.6
Total.....	24,308,219	8,497,540	3,280,906	-----	-----

According to the last census, the Brazilian population exceeds 25,000,000 inhabitants, evidently too small for such a large territory.

CHILE

CHILE.

GROUP CONFERENCE REPORT.

HON. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: In behalf of the Chile Group Committee, we beg to say that after several well-attended conferences and after full discussion it was agreed to submit the following report to the Pan American Financial Conference:

I.

The question of facilities in transportation being referred to a special commission, the matter of financial facilities between the United States and the South American countries is, in the opinion of the Chilean committee, the next most important element in promoting closer commercial relations. For this purpose, in the judgment of the committee, it is desirable to encourage connections and intercourse between the established financial institutions of the South American countries and those of the United States, so that each may avail itself of the acquired experience of the others. Such relations will be beneficial in proportion to their expansion, and it is therefore essential that the banks there and here should be qualified to draw bills of exchange upon each other in the same way as is now done between Europe and Chile, and the Chilean committee suggests that the Pan American Financial Conference shall recommend the adoption in both countries of certain necessary legislation tending to this end.

II.

With the same purpose, the Chilean committee suggests that the conference recommends that laws be enacted, in the countries where such legislation is not now in force, to legally establish bonded warehouse warrants and receipts, so as to make available collateral security for the development of international commerce.

III.

The Chilean committee suggests that the conference recommends the advisability of permitting the payment of such part of the export

duties on nitrate from Chile to the United States of America, as are now payable in 90-day sight drafts in sterling on London, may hereafter be paid in 90-day sight drafts in dollars on New York, at such rate of exchange as may be periodically fixed by the proper Chilean authorities.

IV.

The merchants in Chile are accustomed to credits sufficiently long to enable them to realize upon their goods and thus procure funds with which to meet their obligations, while exporters in the United States of America demand generally cash payments for their commodities. It is desirable that such necessary changes in the laws of the United States of America shall be made as will enable banks to extend their credit, discount, and rediscount facilities, so as to conform to the trade customs and necessities of Latin America.

V. .

This committee has represented to the committee on uniformity of laws its belief that it is desirable to establish a permanent inter-American commission, which shall study commercial problems and conditions in the various countries, and particularly the customs laws and regulations now in force, and shall recommend a basis for making effective a uniform classification of goods for customs purposes and uniformity of port duties and regulations.

A memorandum was prepared by the Chilean members of the committee, in response to the questions suggested by the Secretary of the Treasury of the United States, regarding financial and economic conditions in Chile.

Respectfully submitted.

LUIS IZQUIERDO, *Chairman.*

COLOMBIA

COLOMBIA.

GROUP CONFERENCE REPORT.

HON. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: Your committee has discussed the various points raised by the Secretary of the Treasury for the consideration of the group committees with especial reference to the relations between Colombia and the United States. The Colombian delegates have submitted to the Pan American Financial Conference three comprehensive pamphlets dealing with the financial and economic situation of Colombia at the present time, reporting upon Colombia's public works and giving statistics of her trade. We beg to suggest that in the printed proceedings of this Conference these reports be included as a part of the report of this committee.*

Our discussions have developed the fact that Colombia has in the past depended principally upon European credit for financing her foreign trade. Therefore when the declaration of war in August last was followed by the temporary interruption or cessation of these credit facilities, by the demands for the repayment of loans and by the declaration of moratoria in Europe and in certain countries of South America, although not in Colombia, there was not unnaturally considerable dislocation of the ordinary course of trade. The financial and economic situation of Colombia, while subjected to a severe strain, has remained fundamentally sound.

As is shown by the statistics included in the accompanying memorandum, Colombia has, for some time past, exported to the United States products valued at an amount nearly twice that of the commodities imported from this country. Your committee therefore feels that it should be possible and is important more nearly to equalize the imports and exports between Colombia and the United States. Your committee moreover feels that, in order to effect this trade extension, the creation of mutual banking relationships, through the establishment in Colombia of branches of American banks or

* See Exhibits A, B, and C immediately following this report.

through closer relationships between the institutions now existing—in Colombia and the United States—is highly desirable. Either one or the other of these steps must be precedent to and it is believed would naturally tend to the establishment of “dollar exchange,” provided, of course, a market therefor could be created in Colombia itself. The creation of such a market would chiefly depend upon the increase of American exports to Colombia and the consequent remuneration due from Colombia to the United States. Your committee feels, however, that the most essential step toward the stimulation of a market for “dollar exchange” is the investment of American capital in Colombian enterprises.

Aside from the mutual advantages to be derived from the extension of the commercial relations between the two countries, your committee desires to call the especial attention of the Conference, and particularly of the American delegates present, to the geographical location of the Republic of Colombia in its relation to the Panama Canal and the proximity of the principal Colombian ports on the Atlantic and Pacific Oceans to both entrances of the canal. This being visualized it is at once self-evident that the hostage to the future given by the United States by the construction of the canal makes it imperative in the mutual interests both of the United States and of Colombia that the two countries should establish relations of the greatest intimacy.

Your committee moreover believes it to be in the interest of all the American Republics, whose future commerce will pass through the Panama Canal, and especially essential to the United States, that adequate harbor accommodations and facilities for transshipment and storage be installed at the Colombian ports of Santa Marta and Cartagena on the Atlantic and Buenaventura on the Pacific Oceans. To assure the proper development of these ports it is also felt that the sanitation systems at these ports should be perfected. Specific Colombian revenues have already been assigned for the improvement of these harbors and the sanitation of these ports, and plans and surveys have been prepared by competent engineers. In addition, the especial attention of the conference is called to the possibilities of railway constructions which would stimulate the development of the rich, natural resources of the country, and thus build up a traffic which would find its way to the markets of the world through the ports mentioned.

Your committee recognizes the importance of the extension of inter-American steamship transportation, but desires to make no special recommendation in this regard, feeling that the interests of Colombia in this respect will best be assured by common measures beneficial to all, which your committee understands are now being considered by a committee especially appointed for this purpose.

Your committee is familiar with and indorses recommendations which will be presented by the general committee appointed to consider the possibility of securing uniform laws relating to trade, commerce, and an international commercial court.

In conclusion your committee begs to report that from the standpoint of Colombia the most urgent requirement of the present time is capital with which to undertake the public improvements mentioned above and to develop a system of national railways. This requirement, it is believed, Colombia shares alike with other countries of Central and South America. In view of the present situation throughout the world's financial markets, Colombia looks to the United States in the hope that American investors may find it profitable to furnish the funds necessary for Colombian development, which development, it is believed, will be in the interest not only of Colombia itself but to the United States as well. With this object in view, your committee desires to submit for the consideration of the conference the following resolution:

That in order to make definite and permanent the work of this congress, and that the greatest good may come from it, we make the following recommendations:

1. That special committees for each country, similar to those which have been appointed in connection with this conference, be named by the Secretary of the Treasury and made permanent.

2. That similar committees be appointed by the Pan American countries.

3. That it shall be the duties of these committees to cooperate in the interchange of information, to study the financial and commercial problems of the respective countries, and to further in all practical ways the extension of mutual financial and commercial relations, making reports from time to time with reference to projects thus considered.

4. That such reports be submitted to the Secretary of the Treasury and to the Chamber of Commerce of the United States, to be given such publicity as may be deemed advisable.

5. That the Secretary of the Treasury be requested to consider the establishment of a general executive council, consisting of the chairmen of the various committees thus constituted in the United States; this council to meet at least once a year in Washington and to devise ways and means of continuing and enlarging the admirable work which has been begun by this conference.

6. That consideration be given to the creation of a board of engineers, to be approved by the general executive council or by the Chamber of Commerce of the United States, from which board the several committees may select experts for the investigation of projects to be offered for financing, the cost of such reports to be borne by the parties presenting the projects.

Respectfully submitted.

S. PÉREZ TRIANA, *Chairman.*

EXHIBIT A.

COLOMBIA'S PUBLIC WORKS—AN EXCEPTIONAL OPPORTUNITY FOR INVESTMENT OF AMERICAN CAPITAL.

FACTS WHICH SERVE AS A BASIS FOR THE FOUNDING OF A CORPORATION OR A SYNDICATE FOR THE DEVELOPMENT OF BUSINESS AND PUBLIC WORKS IN COLUMBIA.

THE COUNTRY.

Colombia is larger than Germany and France together; also larger than all the coast States from Maine to Florida, including Ohio and West Virginia.

Colombia is the richest and most powerful neighbor of the Panama Canal and has 1,600 miles of coast line along the Atlantic side and 1,500 miles along the Pacific, with ports on both sides which serve as shelter for the vessels of all nations.

Colombia, when assisted by large capital well employed, will be as rich as the richest and most prosperous country in Latin America, due to her boundless natural resources at only six days' distance from the United States.

If American capital should go to Colombia at the present time it would have the first opportunity and could take advantage of the greatest and best classes of business and also obtain the contracts for the construction of the most indispensable public improvements of the country, exactly as the English did in the Argentine from 1860 to 1880.

PROSPECTIVE BUSINESS.

Certain specific classes of business have an immense and very immediate future in Colombia, namely, mining, stock raising, and the exploitation of forests.

MINING.

All the minerals known are found in Colombia; and there are some, as platinum and emeralds, which are not found in any other country in paying quantities except Russia.

In the order of their importance, the workable mines are as follows:

First. Gold, silver, platinum, iron, copper, and emeralds.

Second. Crude oil.

Third. Coal.

Up to the present time the exploitation of the above mineral products has been made with small capital, which, however, has not prevented the making of large fortunes.

So far the number of known mines in the Republic of Colombia is as follows:

Department of Antioquia.....	12, 181
Department of Narino.....	2, 452
Department of Caldas.....	2, 610
Department of Tolima.....	502
Department of El Valle.....	641

In regard to coal, Colombia need not import coal for her own consumption, for it is to be had in every part of the Republic. The exploitation has been limited to the needs of home consumption, but if carried out on a large scale the entire needs of the neighboring countries could be supplied, establishing large depots on both sides of the Panama Canal, at each port on the Atlantic and also on the Pacific side.

Petroleum is found in large fields both in the interior and near the coast, and surveys made by individuals and by foreign syndicates show that Colombia may possibly prove to be a more productive field than Mexico.

This mineral is to-day exploited on a very small scale.

STOCK RAISING.

Colombia has vast stretches of natural pasturage in all climates, ample for the feeding of stock on a scale sufficient to maintain a constant supply of cattle on the hoof, as well as for the establishment of packing houses in regions close to the coast.

Nearer to the United States than Argentina and Uruguay, with her cheap cattle and grazing lands and with a large, substantial saving in freights, Colombia could send meat to the United States, as well as cattle, beating all competition. From the Atlantic coast seaports the distance is only 1,900 miles to New York and 1,400 miles to New Orleans.

At present Colombia has only about 7,000,000 of bovine cattle, and yet only 7,000 head were exported last year to Panama and the West Indies. Should a packing house be established, the scope of the exports would be easily increased 50 times.

TIMBER.

There are all kinds of woods for fine cabinetwork, such as mahogany, cedar, walnut, etc., as well as enormous tracts of lands covered with famous hardwood like lignum-vitæ, quebracho, diomate,

etc.; also a rich collection of trees and shrubs for the production of tannic acid; the mangrove in particular.

These large forests are generally found along the banks or near by the rivers of easy navigation.

It is evident, therefore, that there is a field for the profitable investment of all the capital that may be desired for the development of these great natural resources of the country. From the lack of capital there follows a lack of belief in the country, simply because it is not explored, and therefore not known.

A GREAT NATION WITHIN COLOMBIA.

In the foregoing no account has been given of eastern Colombia, that is to say, of those immense plains traversed by long, navigable rivers which empty into the Orinoco and the Amazon.

These lands are as a rule level and covered with natural pasturage, where abound droves of cattle, partly domesticated and partly wild, whose exact number is not even known. It contains also abundant quantities of petroleum, which can be seen running out over the surface of the rivers. It is rich in gold, for there was located the El Dorado of the conquerors.

A large colonization enterprise, obtaining from the Government extensive territory and with such grants as the famous English companies possessed in colonizing Africa, could transform such territory into inexhaustible storehouses of natural products and into marts of the grazing and mineral industries. That region of the future has two outlets—to Europe, by way of the Amazon and Orinoco Rivers, and to the Pacific, by means of a railroad easy of construction, which, taking advantage of a depression on the mountain range, can reach the valley of the Patia River, which empties into the Pacific, a two days' journey from the Panama Canal.

The interest of an American enterprise would favor the outlet by railroad along the Patia.

MEANS TO SUCCESS.

In order that the dormant riches of Colombia may be exploited and fill with money the coffers of those who will exploit them, it will be necessary to construct routes of rapid and cheap communication, build railroads, channel out certain rivers, and widen and improve maritime ports. This work is easy and has the advantage that, whatever road or route be started, it will at once commence to pay returns, as the regions traversed are both populated and industrial.

The greater part of the system of routes of transportation in Colombia has for its center the River Magdalena, which is for Colombia what the Mississippi is for the United States. This river is navi-

gable by large vessels for 600 miles up from its mouth, and for smaller craft 300 miles farther. Up this river foreign products and merchandise enter Colombia, and the greater part of the national products leave Colombia by the same river, as the centers of consumption and of production are located within a short distance on either side of the river. So that, taking the Magdalena River as the trunk line of the future systems, and channeling the sand banks at its mouth, in order that steamships may enter as far as the flourishing city of Barranquilla, it would be necessary to construct or finish or enlarge the following lateral railroads:

1. From Calamar to Cartagena.
2. From Tenerife to Santa Marta.
3. From Tamalameque to Cucuta.
4. From Puerto Wilches to Bogotá.
5. From Puerto Berrio to Medellín.
6. From Girardot to Cali.

All of them should be feeders of a main railroad running parallel with the Magdalena from Neiva to Barranquilla.

There is in such projects work for some 2,300 miles of new construction and of enlargement of the constructions already in existence.

And apart from the Magdalena system, there remain to be constructed other routes through rich mineral and grazing lands, as, for example:

7. From Medellín to Puerto Cesar (Uraba).
8. From Medellín to Cali.
9. From Bogotá to the Meta (region of the east).
10. From the Patia toward the great plains of the Amazon, or a total of 1,200 miles, more or less.

The amount of American capital which it will be possible to employ, figuring on the average rate of \$50,000 per mile, will reach some \$200,000,000, and with the improvements of the sea and river ports and the dredging of rivers this figure may go up to \$250,000,000, a vast and highly productive investment for the genius and energy of this Nation, and yet an amount less than that which has been invested by the English in Argentina.

And it should not be forgotten that the Colombian law authorizes the Government to subsidize railroad construction to the extent of \$10,000 per kilometer of roadbed constructed (\$16,000 per mile), and it grants up to 300 hectares of public lands per mile of railroad constructed, to be located on either side of the same.

The law grants to the construction companies (of railroads) the privilege of usufruct of the railroad up to 50 years, after the expiration of which period it can be continued for 25 years more, but the Government may during the last period buy the railroad from the concessionaires.

MODUS OPERANDI.

We recommend the organizing of an association of bankers, manufacturers, construction companies, railroad and mineral industries which will decide to invest a sum of money in the immediate exploration of the country and in obtaining contracts of colonization, construction, exploitation, etc.

This amount of money, or common fund, might be managed by a syndicate, to be represented later by shares of stock (paid up) in the different companies which may be formed.

EXHIBIT B.PUBLIC AND PRIVATE FINANCIAL AND ECONOMIC SITUATION OF
COLOMBIA.

Before the outbreak of the European war the economic increment of Colombia followed a normal progressive course, and faith in her future growth had encouraged some European syndicates and capitalists to submit to the Government different schemes dealing with the material and financial development of the nation. As to banking, for instance, the house of Dreyfus, of Paris and London, submitted to the Government two plans to establish a central bank for deposits and discounts, with the right of issuing bank notes, and with a capital of \$5,000,000; also a mortgage bank with a capital of \$5,000,000. The terms under which these two banks were to start business were widely discussed, and the bankers, after considering the principal objections made to the original proposal, changed those terms for others more favorable to the Government. The projects so modified should form the basis for the bills that were to be submitted to the July sessions of Congress in 1914. But the European war put a stop to all these plans.

As regards public works the Colombian Government entered into contracts with English corporations for the survey of the principal ports on the Pacific as well as on the Atlantic Ocean, in order to methodically enlarge and equip them.

Surveys were made for works to cost a total of £3,000,000 to £4,000,000, and a contract was even signed for works to cost \$3,000,000 in one of the ports. The European war, however, left those contracts in abeyance.

Encouraged by the studies of the subsoil of Colombia, which had clearly shown the oil wealth of the country, Pearsons, the English syndicate, sent representatives to Bogotá to submit to the Government the exploitation on a large scale of the oil fields that might be

found in Government lands. The tenders submitted were carefully considered, but the syndicate withdrew them because they found that the press was strongly opposed to the contracts. Other American and Canadian syndicates had also decided to work the extensive oil fields of Colombia, and probably they have followed up their studies and surveys.

In order to take advantage of the experience acquired in other countries, the Colombian Congress passed a bill by which it was declared that the subsoil of the public lands where oil is found is the property of the nation and can not be assigned in perpetuity to any company or individual which might wish to work the same. The future exploitation of public oil fields in Government lands will, therefore, be acquired by concessions limited to a term of, say, 20, 30, or 50 years.

Some time in 1913 several European construction companies, backed up by French, English, and German banks, planned to submit to the Government the construction of all the railway lines in prospect, furnishing the necessary capital, as well as European engineers and the equipment required, in order to work and manage the lines until the time when the Government should decide to buy them, on conditions to be agreed upon. The Balkan War prevented the syndicate from going ahead with the plan; then the European war broke out and it was found impossible to renew it.

It is then safe to state that (1) foreign capital was ready to go into Colombia, as the country was found to be a promising field, and (2) that had it not been for the European war the country would at present be in a way to speedy progress and with strong national and foreign banking institutions working under the laws of the country.

The field thus prepared is the same which the force of circumstances places to-day within the reach of American capitalists, either as individuals or as financial corporations. The Colombian Government is ready to render every aid to any reliable corporation that may wish to undertake the economical development of the country.

Among the public works referred to the most important is railway communication, in which \$200,000,000 could be easily and profitably invested.

Since 1910 the fiscal standing of the country has steadily progressed and the National Treasury revenues have increased, as shown by the following figures: In 1910, \$10,983,000; in 1911, \$11,531,000; in 1912, \$13,218,000; and in 1913, \$17,055,000; and the outcome of the first six months of 1914 warranted the belief that the revenues for that year would reach \$19,000,000 or perhaps \$20,000,000.

Relying on the normal development of the country the Government had decided on a plan of improvement by public works, to be

carried out with the ordinary revenue, and in consequence laws were enacted by Congress providing for the dredging of the Magdalena River (law 71 of 1914), for the encouragement of navigation on the Pacific Ocean (law 75 of 1914), to build a railway between the city of Cucuta and the Magdalena River (law 89 of 1912), besides other laws which provide for school buildings, for public buildings, and for cart roads all over the country.

But the largest resources of the Government come from the custom-houses, which yield about 75 per cent of the total yearly revenues. Customs duties are only charged on foreign merchandise and commodities, since the export tax on the two or three Colombian products liable to duty is so small that it can not be taken into account.

When the European war broke out trade with Germany practically came to an end, and commerce with England and France was greatly limited; consequently the national revenues decreased and have continued to do so, to the point that the Government felt compelled to pass two decrees in order to cut down expenses. These decrees were: October 20, 1914, for \$2,257,000 for the year 1914, and February 6, 1915, for \$3,575,000 for the year 1915.

This way of meeting the deficit was considered more practical and found to be more advantageous than the use of credit by loans in order to fill up the deficiency, notwithstanding it would have been comparatively easy to obtain loans to meet the usual expenses of administration.

FOREIGN DEBT.

The foreign debt of Colombia for loans as well as for subventions and guaranties of interest on railways, which is insignificant, is to be paid in London and is made up of the following items:

Three per cent consolidated debt.....	£2, 174, 600
Sabana Railway 5 per cent loan.....	289, 400
1911 6 per cent loan.....	292, 400
Six per cent Girardot Railway bonds to cancel several debentures.....	1, 167, 132
Total.....	£3, 923, 720

or \$19,618,600, which is an average of \$3.60 per capita, certainly one of the lowest in American countries. Should Colombia ever decide to use her credit in order to obtain loans for public works or to encourage immigration or to build schools, she would have her credit as a considerable asset to draw upon without having to make use of her vitality. A proportion of \$25 per capita on 5,500,000 inhabitants would allow Colombia to have a public debt of \$140,000,000, which she could easily take care of. As it is, Colombia's debt is only \$20,000,000.

MONEY IN CIRCULATION, AND CURRENCY.

Law 69 of 1909 gave the control of currency in Colombia to a board made up of three independent persons, called Junta de Conversión or converting board. This board is in charge of the circulating currency, as well as of the change of damaged bank notes or paper money. Its paramount duty is to collect a conversion fund in gold coin with which to guarantee the paper money in circulation. This fund of guarantee is made up of an additional 2 per cent on all customs duties, of the produce of the emerald mines, which are the property of the nation, and of sundry other subsidiary resources.

The money in circulation in Colombia is estimated to be \$24,000,000 to \$25,000,000, which amounts to \$4.30 to \$4.60 per capita, a very small proportion, indeed, and which will naturally increase when Colombia succeeds in turning into coin the entire national production of her gold mines, rather small at present, since it is only \$5,000,000 yearly, but which will necessarily increase tenfold or more when the mineral resources of the country are properly worked, which can not be done at present on account of lack of communication.

The amount of money in circulation in Colombia is made up of the following items:

Paper money (value in gold)-----	\$10, 056, 300
Silver coin 0.900 fine-----	4, 004, 700
Nickel-----	997, 700
Colombian gold coin-----	85, 000
English and American gold coin-----	6, 356, 300

\$21, 500, 000

It is estimated that there are also in old silver coins, Colombian and foreign, in the frontier Departments.	3, 000, 000
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Total ----- \$24, 500, 000

The gold coin now on deposit to guarantee the paper money in circulation amounts to-----	\$2, 586, 400
There is also a stock of emeralds now in Europe belonging to the Government which, turned into cash, would add-----	2, 663, 600

Total, approximate----- \$5, 250, 000

which is about 50 per cent of the gold value of the paper money.

The converting board has entered into a contract with the American Bank Note Co. by which the latter is to engrave notes representative of gold coin of the value of \$1, \$2, \$5, and \$10. These notes are to be given in exchange for all now in circulation which are not uniform in size, color, etc.

MONETARY UNIT.

The monetary unit in Colombia is the gold dollar, equivalent to exactly one-fifth of £1. It weighs 1 gram 597 $\frac{6}{10}$ milligrams, and is sterling fine. The multiples of the gold dollar are one-half condor, which equals £1 or \$5; the condor, which equals £2 or \$10; and the double condor, which equals £4 or \$20.

The silver coins are 0.900 fine, and are coined in fifty, twenty, and ten cent pieces.

The nickel coins represent a value of one, two, and five cents.

The English pound sterling has a legal circulation as if it were national currency.

BANKING.

The banks doing business in Bogotá, the capital of Colombia, have a total capital of \$4,350,000, sufficient some years ago but inadequate at present, in view of the increase of business. These banks are careful to excess in the management of their business; so much so that at the end of 1914 some of them had in cash and liquid assets in their vaults and abroad sufficient means to exchange 63 per cent (Banco de Bogotá) and 80 per cent (Banco Hipotecario) of their deposits and current accounts.

The profits in the last six months of 1914 in relation to the capital of the banks were:

Banco de Colombia, 7 $\frac{1}{4}$ per cent in six months.

Banco de Bogotá, 13 per cent in six months.

Banco Hipotecario, 12 per cent in six months on \$500,000 paid up.

Banco Central, 3 $\frac{1}{2}$ per cent in six months.

The law does not allow banking institutions to issue notes, and the Government has the exclusive right of granting this concession to one or more banks, according to the security offered by them; but this right has not yet been granted.

In the proposal submitted by Dreyfus to the Colombian Government in 1913 for establishing a central bank with a capital of \$5,000,000, it was stipulated that the bank may issue notes as currency to an amount three times its capital. Should a proposition of that sort be ever agreed upon, there is no doubt that the Government would grant that most important privilege.

Lack of time has prevented the Colombian delegates from obtaining data from banks in other towns of Colombia. The data regarding the banks at Bogotá on December 31, 1914, are as follows:

BANCO DE COLOMBIA.

Capital.....	\$780, 000
Reserve fund.....	\$32, 750
Deposits and current accounts, gold and paper money reduced to gold.....	\$2, 638, 000
Profits in 1914 (six months).....	\$55, 670
Cash on hand for balance of current account if de- manded.....per cent.....	52
Mortgage certificates.....	\$442, 000

BANCO DE BOGOTÁ.

Capital.....	\$250, 000
Reserve fund.....	\$100, 000
Deposits and current accounts, gold and paper money reduced to gold.....	\$1, 520, 018
Profits in 1914 (six months).....	\$32, 500
Cash on hand for balance of current account if de- manded.....per cent.....	63
Mortgage certificates.....	None.

BANCO CENTRAL.

Capital.....	\$2, 300, 000
Reserve fund.....	\$343, 000
Deposits and current accounts, gold and paper money reduced to gold.....	\$706, 000
Profits in 1914 (six months).....	\$79, 600
Cash on hand for balance of current account if de- manded.....	
Mortgage certificates.....	\$1, 040, 000

BANCO HIPOTECARIO.

Capital.....	* \$1, 000, 000
Reserve fund.....	\$49, 100
Deposits and current accounts, gold and paper money reduced to gold.....	\$393, 600
Profits in 1914 (six months).....	\$60, 200
Cash on hand for balance of current account if de- manded.....per cent.....	80
Mortgage certificates.....	\$943, 000

PRIVATE ENTERPRISES.

The condition of private enterprises and of trade in general before the outbreak of the European war was very satisfactory and was only the natural result of business transactions of the year 1913 which left to trade a large balance to its credit.

In 1913 the export item, \$34,315,800, was larger than the import item, \$28,535,800, by \$5,780,000, so that the liabilities assumed in the first six months of 1914 were based not on credit alone, and for this

* Of this item \$500,000 has been paid up.

reason when the war broke out and the consequent general restriction of business came, it was not found necessary to grant a moratorium either in favor of the banks or of private business men, and the condition of unstable equilibrium readjusted itself with no other resource except economy in expenses and skillful management of capital.

The banks thought it advisable not to press from their clients the immediate payment of their standing loans, but adopted a wise policy of waiting, which made the settlement of their debts comparatively easy.

Conditions were so favorable and so clear at the beginning of 1914 that certain enterprises, as for instance the Electric Energy Co. (light and power), the cotton mills, and some of the sugar-cane factories in different sections of the country decided to enlarge their plants, and a powerful syndicate of capitalists in Bogota planned to start anew a foundry and iron works which had not been worked for years, and to turn it into an up-to-date plant where steel rails, etc., could be made, in order to begin building railways, bridges, and all sorts of structural steel works in the interior of the country, with material manufactured in the country.

But as a natural consequence of the outbreak of war, the help offered by the European money market to the impulse of commerce and trade was withdrawn.

There is in Colombia a wide and safe field in which American enterprises can work and invest their capital if they only take advantage of the friendly attitude that existed in 1914. If up to the present the Colombian people have shown themselves somewhat reluctant in trying to obtain the help mentioned, it is due only to the fact that the pending treaty between Colombia and the United States has not yet been ratified by the United States so that Colombia could open the country to the activity of American enterprises, in the most friendly spirit, as she earnestly wishes to do.

But outside of private undertakings there is still a great deal to be done in Colombia to supply the needs of municipalities, such as lighting plants, slaughterhouses, public markets, tramways, etc. Should the needed capital be available, perhaps it would be possible to obtain from the municipalities as a guaranty of the money invested, the management or administration of the work done during the time until the capital and interest is paid back.

The possibility of the United States getting a considerable proportion of the part taken by the European markets in regard to the economic activity of Colombia has for a basis a double feature:

1. The capacity of the United States to consume a larger porportion of the produce of Colombia than they are drawing at present.

2. The capacity of Colombia to consume American products so far not known in Colombian markets, and new articles and products for new industries.

As to the first, it is up to the American importers to find a market for their surplus of merchandise, and since it is a matter of such great concern it is expected that they are already doing so.

Regarding the second point, Colombia is already trying, with some success, American products for those usually drawn from European countries. For instance, the exports from New York for the first four months of 1915 are 30 per cent larger than those of the corresponding period of 1914, \$2,470,000 against \$1,943,000.

But there are new lines for the development of American commerce, the scope of which can not be measured, but may safely be stated as enormous. Mining (gold, coal, oil, copper), the establishment of packing houses near the coast, and especially the building of railways and dredging of rivers are the most immediate items for investment. In fact, Americans have just now in Colombia the same opportunities that the English had and so cleverly took advantage of in Argentina from 1860 to 1880, and which made them the leading factor in that country's progress.

It is now the time for loans and financing to come into play, as the most effective instruments to secure trade and business.

Public loans to the Government and municipalities, large financing facilities to private enterprises or to merchants and planters, together with a system of banking branches or real banks with American and native capital are the right moves to begin with.

American commercial and financial interests must be put in direct contact with the requirements of Colombia if the mutual commerce is to be turned toward the United States, making the city of New York the exchange market for both countries.

Also, banking agencies in Colombia may take for them the financing of seasonable crops as it is done by European houses. The coffee planter, for instance, has to spend money in salaries, working expenses, transportation of products, etc., before he gathers his crops, and in order to be able to accomplish all this he is to-day accustomed to draw on European firms, to whom he later consigns his coffee.

TRANSPORTATION.

It is obvious that all efforts in the way of developing and extending trade and business between the United States and Colombia require for their final success facilities for transportation as rapid and cheap as possible.

In fact, before the outbreak of the European war four principal periodical lines of steamships plied between Colombia and the

United States, so that the former country had means sufficient for the interchange of her trade. Besides rivalry between the different lines—which, by the way, flew flags of different nationalities—gave the exporters the opportunity of sending their products at reasonable freight rates. The space available in these steamers was sufficient for the former Colombian trade, and the steamship companies had ample time in which to increase their fleets when required. It is absolutely necessary, however, for the development of commerce that the freights be considerably lowered, since they absorb a large part of the profits.

The lines of steamers doing the trade service between Colombia and the United States before the European war broke out were: The United Fruit Co., weekly sailings, American; Hamburg American Line, weekly sailings, German; Royal Mail Steam Packet Co., fortnightly sailings, British; Panama Railroad Co. steamers, weekly sailings, American—in all about 15 steamers each month.

The principal object of the data in general furnished in this brief report is to impress the minds of financiers and bankers meeting in this conference with the idea that although Colombia as a field of investment is undoubtedly small at present, it is safe and firm, and just now is especially susceptible of a large development, particularly in view of the fact that the Colombian markets are at a distance of only 1,900 miles from New York and 1,400 miles from New Orleans.

EXHIBIT C.

COLOMBIA'S TRADE IN 1913.

[From official documents.]

Colombia sold to foreign countries.....	\$34, 315, 800
And bought from them.....	28, 535, 800
Balance on her side.....	5, 780, 000

This means that she was not indebted to foreign countries as a result of her commerce in 1913, and it explains why she did not consider necessary, as other nations did, to protect her citizens by means of a moratorium in the present critical emergencies.

The main features of the adjoining tables are:

IN EXPORTS.

Colombia sends to United States 55 per cent of her products.
 Colombia sends to Great Britain 16 per cent of her products.
 Colombia sends to Germany $9\frac{1}{2}$ per cent of her products.

IN IMPORTS.

Colombia takes from United States 26 $\frac{3}{4}$ per cent of her imports.

Colombia takes from Great Britain 20 per cent of her imports.

Colombia takes from Germany 14 per cent of her imports.

IN REGARD TO THE UNITED STATES.

The United States buys from Colombia \$18,861,800.

The United States sells to Colombia \$7,629,000.

It is particularly in textiles where the United States is far behind Great Britain and France, in agricultural machinery behind Great Britain, and in paper and cardboard behind Germany.

1913. Imports into Colombia from foreign countries.

	United States.	Great Britain.	Germany.	France.	Belgium.	Italy.	Other countries.	Total.
Textiles.....	\$1,520,100	\$3,447,700	\$582,700	\$3,234,900	\$144,700	\$534,100	\$1,991,000	\$11,455,200
Foodstuffs.....	1,474,100	83,800	706,100	82,100	54,900	30,300	386,100	2,817,400
Metals.....	1,119,000	1,055,600	751,100	125,300	48,100	15,800	48,800	3,163,700
Cars, carriages, etc.	756,300	165,400	139,700	21,300	80,600	100	700	1,164,100
Materials for arts.	601,600	148,200	3,700	20,200	19,400	23,000	87,700	904,300
Drugs and chemicals	424,200	102,800	178,600	148,300	29,800	4,900	58,600	947,200
Fuel and lighting.	305,600	79,900	47,300	12,100	15,600	1,400	61,600	523,500
Agricultural and mining implements	193,400	268,400	19,000	3,900	1,000	100	18,100	503,900
Electrical supplies	147,000	34,500	121,800	6,800	2,000	7,300	900	320,300
Paper and cardboard	115,300	36,100	212,500	57,400	24,200	26,100	84,000	555,600
Wines, liquors, and drinks	86,000	139,200	121,900	362,500	21,100	37,200	283,500	1,051,400
Arms and munitions	38,000	7,000	522,700	8,100	9,700	100	20,000	605,600
Sundries	848,900	268,800	605,000	325,200	47,900	45,700	833,700	2,975,200
Total.....	7,629,500	5,837,400	4,012,100	4,408,600	499,000	726,100	3,874,700	26,987,400

Postal parcels.....	\$1,548,400
Total imports.....	28,535,800

1913. Exports from Colombia to foreign countries.

	United States.	Great Britain.	Germany.	France.	Belgium.	Other countries.	Total.
Live animals.....	\$2,400	\$700	\$200			\$82,500	\$85,800
Animal products.....	1,543,500	334,200	382,500	\$52,900	\$580,000	469,600	3,362,700
Mineral products.....	3,442,800	1,569,500	91,200	393,000		18,100	5,514,600
Vegetable products.....	12,903,500	3,428,400	2,705,200	342,500	13,700	4,581,000	23,975,300
Manufactures.....	800,600	97,800	29,800	4,600		84,300	1,017,100
Sundries.....	9,000	2,500	6,300	1,200		29,700	48,700
Bullion.....	160,000	132,900		3,700		3,500	300,100
Total.....	18,861,800	5,566,000	3,216,200	797,900	593,700	5,268,700	34,304,300

Gold coin by parcel post.....	\$11,500
Total exports.....	34,315,800

COSTA RICA

COSTA RICA.

GROUP CONFERENCE REPORT.

HON. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: We respectfully beg to submit the following report:

SECTION I.—PUBLIC FINANCE.

The population of Costa Rica is 400,000.

The total debt is \$17,000,000, of which about \$8,000,000 is English credit, \$7,000,000 is French credit, and \$2,000,000 scattered.

As a result of the European war the custom revenues for the first three months of 1915 resulting from imports decreased about 60 per cent. The income from all sources for the first three months of 1915 totaled 1,589,630 colones, equal to \$794,815, as against an income for 1914 for the same period of 2,441,402 colones, equal to \$1,220,701. There resulted a situation which gave rise to a lack of exchange on the United States, thereby causing a paralysis in the transactions of the markets of the country and tending further to reduce Government revenues, against which there is now proposed legislation tending toward the imposition of a permanent direct tax on land and incomes.

The delegates from Costa Rica have in mind a plan to borrow \$500,000 in gold in New York, to be guaranteed by the Government, for the purpose of tiding over the present difficult situation in the exchange market. The normal rate of exchange on New York is 115 per cent, whereas by reason of the present situation it has gone as high as 185 per cent (the meaning of this quoted rate of exchange is that at the high rate it takes 2.85 colones to buy \$1, whereas in normal times only 2.15 colones): The credit so secured in New York would be utilized by the Government selling drafts to the local merchants in Costa Rica for the purpose of purchases in the United States at a fixed rate of exchange, and the proceeds thereby obtained in local currency would be deposited in Costa Rica with the representative of the American bank making the loan, so that in addition

to the guarantee of the Government there would be an actual deposit of the cash in local currency.

When the coffee crop of Costa Rica begins to come forward next November the balance of trade will be readjusted and from the proceeds of such crop the Costa Rican Government will be able to replace the exchange at a normal rate, and will cover the loan in New York. The total operation would take a maximum of twelve months.

SECTION II.—MONETARY SITUATION.

The monetary situation of the country is normally satisfactory, as it is on a gold standard, and the only difficulty that has arisen has been caused by the temporary disarrangement resulting from the European war. As a consequence the Government was forced to suspend the law of paper conversion, which law stipulated that the bank-note issues of the country must be redeemed in gold. It was impossible to maintain the operation of this law for the reason that the country would have been depleted of gold if the law had not been suspended, and the banks would have been jeopardized.

SECTION III.—THE PRESENT BANKING SITUATION.

There are three banks in the country which are entirely satisfactory and adequate for mercantile operations. In addition to these three banks since the war, as a temporary measure to cover the deficit of revenues and assist their merchants and farmers over the crisis, the Government has established the Banco Internacional, with a restricted issue of bank notes to the extent of 4,000,000 colones, secured by a new issue of 2,000,000 colones, 6 per cent interior bonds in conjunction with 2,000,000 colones, exterior refunding bonds of face value of £332,000, now in escrow in a New York bank.

SECTION IV.—THE FINANCING OF PUBLIC IMPROVEMENTS.

There is no comment on the matter of financing public improvements, as these have been well taken care of locally.

SECTION V.—THE FINANCING OF PRIVATE ENTERPRISES.

The delegates from Costa Rica stated that the Pacific Railroad is owned by the Government and is in satisfactory condition. The Atlantic railroads are owned by English and American capital.

In regard to public-service corporations, they are representative of London capital invested there, and of municipal and local ownership.

The most urgent need of the merchants in Costa Rica is that of adequate credit facilities. The transactions with the European

markets have been on longer terms and more favorable rates of interest than those usually obtained in the transactions with the United States, but it is hoped that by reason of the facilities now accorded by the Federal Reserve Act to the national banks of the United States to give their acceptance to long-sight drafts arising from exports and imports that a means is at hand for providing the merchants of Costa Rica with facilities which will be comparable to those they have enjoyed with the European countries. If our banks will form intimate connections with the bankers of Costa Rica and cooperate in the opening of commercial credits to the local merchants for their imports and exports, it is felt that much will be accomplished in furthering our trade.

We understand that the Chamber of Commerce of Costa Rica is in a position to furnish credit ratings of the merchants in that country and would be glad to cooperate with the Chamber of Commerce of the United States and mercantile agencies to the end that this information be published in a rating book available to merchants and manufacturers in the United States.

We therefore offer to the conference the suggestion that similar information reliably given and available in one book covering all South and Central American countries would immeasurably expedite export transactions from the United States.

The financing of seasonable crops of the country would come under the same operation as the financing of the needs of merchants.

SECTION VI.—THE EXTENSION OF INTER-AMERICAN MARKETS.

(a) Long-term credits is an essential to the extension of American trade in Costa Rica, following the European custom of giving credits of from six months to a year. It is urged upon both the American and Costa Rican bankers to cooperate to the fullest extent in the granting of commercial credits, based on American acceptances, which would be discountable by the Federal reserve bank.

(b) The subject of acceptances and discounts as a means of extending inter-American trade has already been covered.

(c) Direct exchange exists with the United States and shipments to and from the United States with Costa Rica are not financed through Europe.

(d) American manufacturers should be careful to adapt their goods and packing to the tastes and needs of the Costa Rican consumer in order to compete with the European shippers who have gone into this matter most scientifically. The information as to these details is obtainable through the Department of Commerce of the United States.

(e) There are no preferential tariffs, and trade with the United States is on an equality with that of the rest of the world.

SECTION VII.—MERCHANT MARINE AND IMPROVED TRANSPORTATION FACILITIES.

(a) There are ample shipping facilities for ocean traffic and excellent passenger service.

(b) Money-order and parcel-post facilities exist through conventions with the United States.

(c) The committee is advised that the Costa Rican Government contemplates legislation legalizing liens to secure the repayment of advances to planters, thereby strengthening credits extended through local banks and merchants for the planting and gathering of the crops; a like plan is proposed for the financing of cattle and other live-stock industries.

(d) The Government has legislated for the establishment of bonded warehouses and public stores and for the issuing of Government warrants against the commodities warehoused. This plan is similar to the one which now prevails in Argentina.

(e) The greatest facility is given by the customs regulations to the importers in case of delay in the receipt of shipping documents. In the event of controversies arising from imports, the matter is submitted to the administrator of customs with appeal to the minister of finance, or finally to the civil courts. The committee is of the opinion that controversies arising between foreign shippers and Costa Rican merchants should be submitted to arbitration of a joint committee of chambers of commerce, and that this method would be more useful, practical, and expeditious than a general reform of the laws.

In cases where the Costa Rican importer does not receive the corresponding bill of lading for his shipment, he is not permitted to obtain possession of the goods, whether consigned direct or to order, except by depositing at the customhouse either an ample guarantee or actual cash to the value of the shipment. This provision is an excellent protection to the foreign shipper, and an instance was related by the Costa Rican delegates of a case in which the consignee fraudulently came into possession of the goods in spite of the above-stated provision, and the minister of finance, for the Government, made good the amount of the invoice to the local agent of the foreign shipper.

Foreign patents and trade-marks are well protected.

It is the consensus of opinion of the committee that this Pan American Conference is most timely and of the greatest importance to all the countries of America, and that the interchange of views looking toward mutual help and reciprocal interest will result in practical and lasting benefits to all concerned. For the conception of this conference and its success we are greatly indebted to the Secretary of the Treasury, the Hon. William G. McAdoo.

Respectfully submitted,

MARIANO GUARDIA CARAZO, *Chairman.*

CUBA

CUBA.

GROUP CONFERENCE REPORT.

Hon. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: The relations of Cuba with the United States have been so close since the recognition of Cuban independence by the treaty of Paris in 1899 that the further steps required to bind the two countries more closely together may be defined perhaps with greater precision and detail than the relations of the United States with other countries. The reciprocity treaty of 1903 between the United States and Cuba recognized that if the trade of the two countries with one another was to prosper, mutual concessions should be accorded to certain products of each in the markets of the other.

So clearly has it been recognized that these special relations existed between Cuba and the United States that many measures are already in force for promoting intimate commercial and financial relations which in the case of other countries are only in the preliminary stage. From the beginning the national loans of Cuba were taken by American bankers and are still held largely in the United States. The means of transportation and other public utilities have also been to a large extent established and are now operated by American capital. The United States has come to be a purchaser of more than 80.2 per cent of the products exported from Cuba and has increased her proportion in importations into Cuba to 52.8 per cent.

United States currency was early introduced as official money by the Government of Cuba and is employed in commerce as a supplement to the gold money of Spain and France. It has been the proud boast of the business community that these gold currencies have been constituted the standard of contract obligations even during the most trying experiences in the economic and political life of the Republic. The recent adoption by Cuba of a monetary system based upon the gold dollar of the United States and the prompt adoption of the new national money as the standard of operations on the produce exchanges, on the Stock Exchange of Habana, in the quotations for sugar, and in the revised railway tariffs constitute a recognition of

the primacy of the money market of the United States in American financial affairs which can not fail to simplify and amplify the financial and commercial relations of both countries.

In the issue of national loans to Cuba, American bankers have been content with putting the proceeds entirely at the command of the Cuban Government and have made no effort to enforce the principle that such loans should be employed in the purchase of American products, as has been so often done by foreign bankers in making loans abroad. Nor, except through the influence of the normal course of exchange, has the effort been made to enforce the principle that "Trade follows the loan."

With so much progress already made in the direction of close and reciprocal commercial relations it is necessary only for the American delegates to second cordially any measures which will remove further obstacles to the unfettered movement of commerce by modification of the tariff, by the revision of reciprocity treaties, by uniformity of customs regulations, by the simplification of the system of the parcel post and international money orders, and by any other measures which are not in conflict with the interests of the United States nor with her other international obligations.

It is the belief of the American delegates that cooperative effort by the two Governments and by the merchants and bankers of the two countries to remove further obstacles to trade will afford a wider market for American products in Cuba and bring more nearly to a level the present excess of American imports of Cuban products over the exportation of American products to Cuba. The merchants of the United States should be capable, with proper adaptation of their products to the Cuban market, of increasing their sales of sugar-mill and agricultural machinery, of hardware, textiles, boots and shoes, food products, and many other articles. To accomplish these ends it is recognized that American merchants should study more carefully than heretofore the requirements of the Cuban market, should adapt their styles to Cuban climatic conditions and tastes, and should employ only competent men of high character and familiar with the Spanish language as their representatives in Cuba.

For the purpose of carrying out these general ideas the American members of the Cuba Group Conference have agreed upon the following resolutions, and the recommendations therein contained are unanimously approved by all the members of the conference group.

1. TRADE RELATIONS.

(a) The Cuban delegates have specifically brought to the attention of the conference the very high duties imposed upon Cuban tobacco which hinder the development of that important trade with

the United States. The American delegates recommend the careful and immediate study of this situation.

(b) The trade between Cuba and the United States owes much to the beneficial effect of the reciprocity treaty existing between the two countries. The delegates from Cuba have brought to the attention of the conference the grave situation produced by the abolition of duties on imports of sugar into the United States and the disappearance of preferential treatment of some other leading staples, and they suggest the extension of the principle of reciprocity to other commodities entering into the trade of the two countries. Without submitting any definite recommendation on this subject, we are, nevertheless, of the opinion that the representations of the Cuban delegates are of such merit as to entitle them to special and further consideration in connection with any movement to improve trade relations between the countries participating in the conference by means of tariff revisions or commercial treaties.

2. TRANSPORTATION.

Communication with Central and South America is Cuba's chief unfulfilled need in the field of transportation facilities. It is urgently recommended that careful consideration be given to this need in connection with any measures taken or provisions made for the establishment of regular and improved transportation between the United States and Central and South America by making the ports of Cuba regular ports of call for ships plying in the trade between the two continents.

3. PARCEL POST.

We are strongly in accord with the recommendation of the Postmaster General of the United States that the parcel-post facilities should be enlarged. The obstacle to such arrangement with Cuba lies largely in the provision of the United States tariff, which restricts the use of the parcel post to a minimum of 3,000 cigars or cigarettes, and virtually nullifies the use of the parcel post for Cuba. On the other hand, the absence of a parcel-post treaty prevents Cubans from buying a great number of articles which they could get from the United States and which they now get from France and Germany under parcel-post treaties with these countries.

4. INCREASE OF CUBAN TRADE WITH THE UNITED STATES.

The attention of American merchants and manufacturers should be specifically directed to the large volume of merchandise imports into Cuba from countries other than the United States, amounting

in the fiscal year 1913 to more than \$60,000,000 in value. It is believed that a careful study of the requirements of the Cuban people, including the necessary system of credits to be employed in developing the business, would lead to a great increase in the amount of exports from the United States.

5. LESS RESTRICTED CREDITS.

We are of the opinion that one of the causes why trade between the United States and Cuba has not been more developed is that normal commercial credits—that is, credits adjusted to the conditions and need of the Cuban trade, especially with regard to length of time, are not given by the merchants of the United States. In this respect the situation of Cuba is identical with that of South and Central American countries. We therefore recommend that this matter be presented to the leading commercial bodies of the United States, to the end that it may be carefully studied, with the object that less restricted credits be granted, especially in view of the fact that trade statistics with those countries show that unusually small losses have resulted from such practice.

6. PROPER COMMERCIAL REPRESENTATION.

American merchants as a rule are at a great disadvantage in their commercial relations with Cuba and other Spanish-American countries, caused by lack of knowledge of the language, laws, and customs of the country on the part of their representatives.

Special attention should be given to the subject of preparedness on the part of agents or representatives of American business houses and financial institutions in order to facilitate the handling of commercial transactions.

7. SAMPLES AND STANDARDS.

In order to cultivate a more thorough knowledge of commercial requirements, it is recommended that there be cordial cooperation of the diplomatic and consular officers of both countries in maintaining samples, standards, and statistical data showing the character of the demand in each country for the products of the other.

8. COMMERCIAL INFORMATION.

The attention of the Departments of State and Commerce of the United States is invited to the great service that could be rendered the trade with Spanish-American countries if ready reference manuals were prepared by these departments in cooperation and con-

sultation with the Pan American Union and with representatives of the United States Chamber of Commerce, containing in popular, easily usable form information regarding the commercial, financial, and banking laws of the several countries.

9. UNIFORMITY OF COMMERCIAL LAWS.

We cordially commend and approve the plan outlined by the Secretary of the Treasury of the United States for the creation of a permanent joint high commission to recommend to the countries represented in this conference uniform laws on bills of exchange, checks, warehouse receipts, and other commercial instruments, and the establishment of an international tribunal or other agency of adequate scope to promote and secure the uniform application and interpretation of such laws.

10. COMMERCIAL ARBITRATION.

We favor the appointment of arbitration committees formed by business men to settle difficulties and disputes that may arise in commercial transactions between the citizens of the several countries.

On motion, duly seconded, it was unanimously

Resolved, That this committee can not close its labors without an earnest expression of its high appreciation of the farseeing and patriotic action of the Hon. William G. McAdoo, Secretary of the Treasury, in calling into being this Pan American Conference, and of the zeal with which he has fostered and aided its deliberations, and to add their conviction that its results will be commensurate with the desires and expectations of the citizens of both Americas for a genuine and far-reaching union of their respective interests and aspirations.

Respectfully submitted.

PABLO DESVERNINE Y GALDÓS, *Chairman*.

APPENDIX.

MEMORANDUM SUBMITTED BY THE CUBAN DELEGATION.

The Cuban delegation to the Pan American Financial Conference has prepared the following report, which treats in a very summary manner of the different matters brought to its attention by the honorable Secretary of the Treasury of the United States.

We wish to remark at the beginning that the commercial and financial relations between the United States and Cuba are of such importance and magnitude, and so very close, that Cuba is not in such great need of bringing about great changes in its intercourse with the United States in the same measure, at least, as the other countries of America, but mutual cooperation will always, of course, contribute to help the trade between both countries.

To give an idea of the importance which our trade relations with the United States have already reached we have only to point out the fact that very nearly 90 per cent of the total exports of Cuba are now brought to the United States, while approximately 63 per cent of the total imports of Cuba come from the United States.

This, obviously, is due in a great measure to the beneficial operation of the reciprocity treaty entered into between the two countries in the year 1903, as may be seen by the statistics showing the increase in the reciprocal trade relations since the treaty was put into effect. The fundamental feature of this treaty is the mutual concession which both nations have made to each other in their respective tariffs, on a plan, however, in which Cuba gives to the United States more concessions, in matters of reduction of customs rates, than the United States has actually made to Cuba by that treaty. If as a result of the present tariff law of the United States, all sugars are admitted free of duty to this country, Cuba will not then hold a preferential position in regard to other sugar-producing countries, and the treaty will cease to benefit Cuba unless some other agreement is enacted which will make up for the loss of that preference, the only substantial one that the treaty provides for Cuba.

After these preliminary remarks, and coming to the specific questions suggested by the honorable Secretary of the Treasury for the consideration of the group committees, we beg to submit the following suggestions, which, of course, have to be made in a very cursory

manner because of the short time that we have had at our disposal since we were specifically informed of the questions to be considered in the conference and the early date at which our report must be submitted.

Public revenues have certainly been affected in Cuba by recent events in Europe, but the situation could not have been otherwise, since even before the war causes had already begun to work against the trade of Cuba. The principal of these causes was the low prices received for sugar during the years 1912, 1913, and 1914, which diminished the purchasing power of Cuba and operated in causing a decrease in the imports and accordingly a proportionate shortage of our public revenues. The breaking out of the war would have had a truly disastrous effect on our trade with foreign countries but for the fact that the absence of the competitive sugars of Germany, France, Russia, and other European countries in the world's market has advanced the prices of Cuban sugars to a considerable degree in comparison with those of the two previous years; and this, of course, has in some measure made up for our losses in other branches of trade which have been brought about by the European conflict. Our crop of sugar may reach this year perhaps 2,560,000 long tons, and at present quotations would naturally bring in the neighborhood of 225 millions of dollars. This sum will contribute a good deal to restore the purchasing power of Cuba and to strengthen the public revenues, which will be affected, however, by the losses that Cuban trade will have to suffer in other branches, such as tobacco, lumber, etc., on account of the terrible events in Europe, where a large proportion of these products is marketed.

As Cuba depends for the largest portion of her expenditures on the receipts obtained through the customs, these public revenues must have been affected by the war, although there seems to be reason to expect that the shortage in the receipts will not be so large as may appear on paper, because, notwithstanding the appropriations allowed in the budget, the expenditures have been checked wherever it has been found possible to do so by introducing economies in the expenses for the running of the Government.

Moreover, other measures have been adopted by the Government to meet this situation, and among others, those of the law of October 29, 1914, known as the law of economical defense, which authorized the issue of Treasury bonds up to \$5,000,000, with interest at 6 per cent per annum, and payable in three annual installments. These bonds may be given in payment of all obligations contracted by the State.

At the outbreak of the war there was in Cuba a moment of fright and alarm, for fear that money would be so scarce as to prevent the

movement and sale of the crops, but the fact is that notwithstanding the cancellation of foreign credits by European bankers the conditions in Cuba were not seriously affected, not only because that withdrawal occurred at a time when bank credits are not generally used by local banking institutions, but because credits were also extended by New York banks during the fall. These extensions, which were made in a much more liberal manner than had been done before, helped us in a measure, and, if continued, will mean an increase of international cooperation between the United States and Cuba in the future.

As to the monetary situation, we have to say that before the outbreak of the war in Europe the value of Spanish silver had been rising in relation to Spanish and French gold and American currency. The current medium used in the retail trade in Cuba, or at least in the largest portion of the country, has been Spanish silver, which is also used for the payment of labor in industrial and agricultural concerns, with the exception of cigar makers and perhaps other exceptional branches of labor. This rise of price in Spanish silver became more acute after the war took place, and even Spanish and French gold began to get very scarce because it was very difficult for our banks to obtain French gold, which, as is well known, was at that time legal money in Cuba, together with Spanish gold, which had become scarce before French gold. This, of course, resulted in the advance in price of both French and Spanish gold, which circumstances moved our Congress to pass a law coining gold and silver money to circulate as legal money in the Republic. Up to a short time before we sailed from Habana to attend this conference only a small amount of Cuban gold had been put in circulation and about double that amount in silver had arrived in Cuba. As is well known, all this money will have been coined in the United States Mint at Philadelphia, and it is generally considered that the introduction of this new Cuban money will contribute considerably to settle the monetary situation, as only the new coined money, together with American money, is declared the legal money of the country. Our system of money is based on the gold standard, because if it is true that silver has been also coined on a parity with gold, it is no less a fact that, according to the law, only 8 per cent can be paid in silver in payments of amounts exceeding \$10, and for sums up to \$10 the payments can be all in silver.

It is not possible for us to express a conclusive opinion as to the uniformity of the monetary standard for all the countries of America represented at this conference, but we are able to report that, so far as Cuba is concerned, she has taken a forward step in adopting a system of coinage founded on a parity with the American gold dollar of the United States, and, besides, this new monetary

law declares United States money legal tender in Cuba. Therefore we have placed ourselves on the same basis as this country so far as the monetary unit is concerned, because we have the same system of gold money, and legal money of the United States is expressly declared by law to be legal money in Cuba.

As a consequence of this new law, provisions have been made in our country to have all prices quoted in the new monetary unit which, as before stated, has as its basis the United States unit. The Habana and several of the other exchanges in Cuba have decided to make their quotations in this new unit, including the prices of sugar, which up to this present time have been quoted by the old Spanish system based on another unit, the *real*, the value of which was 12½ cents. There is, of course, no doubt that the effect of having the quotations in this new unit of the dollar and in terms of dollar exchange will facilitate the financial transactions between the United States and Cuba. Prices, therefore, will now be better understood by the people of both countries than before, when recourse had to be had to figuring and calculations in order to find the equivalents of the money of each, and accordingly it is certain that the new step taken by Cuba in regard to this matter will bring about closer relations between the two peoples and will work to the advantage of the commerce and trade of both.

As to the conditions existing prior and subsequent to the outbreak of the European war, there has certainly been a change which has made American banking facilities more available to Cuban business. Prior to the beginning of the European war a large part of the banking relations between Cuba and the United States was made through banks of Cuba with Europe (London, Paris, and Hamburg), from which blank credits were obtained and used in Cuba for the movement of the crops and for monetary advances made to the planters. It has been estimated that these credits varied from 8 to 10 million dollars, which from the month of January onward, when sugar is already on hand, the European banks doubled against this sugar so that at times as much as \$20,000,000 of sugar value were held in the island under these bank acceptances. Money also has been advanced on securities as collateral which securities are quoted in the Habana stock exchange market and taken at 75 per cent of their market value, and loans against sugars are generally made by stating in the draft that they are secured by so many bags of 325 pounds of sugar, with a guaranty of a trustee's certificate.

The breaking out of the war in Europe has changed this condition of affairs now, inasmuch as the European can not afford to advance money or to grant any credit, and Cuba has applied to United States banks for her credit. The United States banks have

now facilitated the granting of those credits to Cuba by means of loans secured by sugars deposited in first-class warehouses or against shipments of sugars to the United States. There is no doubt that a great increase in the business between the United States and Cuba can be obtained when once the American bankers are convinced of the safety and security of this method of extending their credit.

The establishment of branch banks would contribute a good deal to that end by permitting the officers of these branch banks to become acquainted with the conditions of the country, and their reports to their head offices would merit the utmost confidence and respect, since they would come from persons well known to the home offices.

As to the underwriting of national, provincial, and municipal loans, it is known that our national or Government loans have been contracted by American firms, and there is no reason why a good many of our loans should not be looked upon with favor here in the United States, for Cuba, as well for the national as for the provincial and municipal loans, can certainly offer all the guaranty necessary to make them completely reliable. Cuba has never defaulted on any of her loans, and her securities are rated as very good investments; this assertion is proved by the prices which they bring in the different financial centers of the world.

There is no doubt that some plan should be considered to give a completely satisfactory status for collateral as security for commodity loans, and it is certainly in response to these needs that the matter of organizing the warehouse-warrant system on the basis of Government inspection and supervision is being attended to now by our Congress, which will certainly arrive at some satisfactory solution of that very interesting matter.

One of the questions submitted by the Honorable Secretary of the Treasury for the consideration of the group committees is that concerning the possibilities of securing greater uniformity in the laws relating to commerce, and it is certainly a very interesting question, for nothing works so much as an obstacle to the trade between two countries as the difference in their trade and commerce laws, or at least the absence of knowledge of the provisions of those laws. When a country has laws similar to those of another State in the matter of trade and commerce, or when the knowledge of the laws of two countries has been properly diffused among the commercial and trade classes of those countries, a great impulse is thereby given to the promotion of trade between them, and whatever might be done to secure as much uniformity as may be possible in matters concerning, for instance, laws in relation to corporations, common carriers, bills and

notes, and other mercantile legal subjects, would certainly result in making even closer the relation of trade between those countries. The only difficulty in connection with the matter is that in order to obtain positive results in that direction many conferences and interchanges of views are needed, so as to prepare a plan for a basis of uniformity on which the legislatures of the countries concerned might take proper action. In commercial matters there is already a good deal of similarity in the principles governing those relations, and it may not be very difficult to issue publications containing substantial explanations of those principles so as to spread their knowledge in the countries interested, and it is then—that is to say, when sufficient degrees of knowledge of those principles has been reached—that subsequent actions can be taken to obtain a substantial uniformity of the laws themselves, as far as it is possible and the similarity of the principles may permit.

There is no doubt that there is a vast field that may be used to advantage for the increase and development of inter-American markets, and it is equally certain that the establishment of direct exchange on the basis of the dollar unit or dollar exchange, as already established in Cuba, in all the countries of America would contribute in a large measure to extend the trade among the different countries of this Western Hemisphere. As before pointed out, Cuba has already taken its first step, so far as the establishment of the dollar unit is concerned, and it is to be hoped that other States will in the course of time endeavor to create also the means of establishing a system of direct exchange.

The extension of longer credits to Cuban purchasers, it is generally thought, would be perhaps the strongest encouragement to an increase of trade between the two countries, and we consider this point so very important as to think that the further development of that trade would depend upon the adoption of that extension of longer credits. It is a fact that the time granted for the payment of credits is much longer when it is given by European merchants to the purchasers of their commodities than is the case when the same articles are purchased from the United States. For instance, it is well known that often even three and four annual installments are allowed for the payment of machinery bought in England, France, Belgium, or Germany, payment being guaranteed by the same machinery, while no such long credits can be obtained from American manufacturers, who seldom allow more than a year for the whole payment of a whole plant or part of a plant of machinery. Textiles are sold by Germany and England in Cuba at six months, while in the United States only 30 to 45 days are allowed, and the same can be said of other commodities and articles, such as hardware, for example.

A very important point, and one which must not be overlooked a moment, is that concerning the effect which tariff laws may have on the trade between the United States and Cuba. As is well known, the reciprocity treaty which secured to Cuba a preferential advantage in the importation of sugars will cease from May 1, 1916, with the effect that if, according to the present tariff laws, sugar from all the countries in the world is admitted in the United States free of all customs duties, the reciprocity treaty will lose all its importance so far as Cuba is concerned. A new treaty could be framed in order that other arrangements could be arrived at of mutual benefit to both countries.

At all events, and even if the preferential on sugar should be continued, the Cuban delegates feel that something should be done with respect to our tobacco. The very high duties which our tobacco has to pay at the United States customhouses should be reduced considerably, because otherwise the trade in that staple with the United States will in the end languish to a vanishing point, and thereby not only Cuba will suffer, but also the United States, by the decrease which will ensue in the purchasing power of Cuba.

It must be borne in mind that the tobacco industry is only of secondary importance to that of the sugar trade, and, accordingly, if we are helped in the matter of our tobacco it would give Cuba a good deal more purchasing power, which would of course be used for the largest part in the buying of American commodities, while the depression of that industry in Cuba is very apt to be felt in all the other branches of trade.

Briefly, then, we may point out that Cuba has been trying to improve her postal facilities with other countries; that she is at present negotiating a parcel-post treaty with the United States and with England, and the first steps have already been taken with Spain toward the same end. The money-order arrangements may also be extended to all such countries of America as may be in a position to enter into such relations, and accordingly we arrive at the conclusion that the concession of longer credits and the advances of money to banks in Cuba under proper conditions, together with the help which is so necessary to develop our depressed tobacco industry, would prove to be the main factors for a vigorous growth of our commerce with the United States.

PABLO DESVERNINE.
PORFIRIO FRANCA.
OCTAVIO A. ZAYAS.

DOMINICAN REPUBLIC

DOMINICAN REPUBLIC.

GROUP CONFERENCE REPORT.

Hon. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: We respectfully submit the following report:

1. PUBLIC FINANCE.

Public revenues and expenditures as affected by recent events in Europe.—They have been greatly affected by the war, as one of the chief products of the Dominican Republic, tobacco, has but one market, Germany; and since August, 1914, we have had to keep our crop in storage and have been, consequently, deprived of the means of buying what we used to buy with the price of our tobacco, and deprived, of course, of the import duties corresponding to those goods.

Measures adopted to meet the situation.—The only measures adopted have been the reducing of expenditures, as the Dominican Government does not want to create new debts.

Proposed remedies.—The only remedy that could remove the cause of this evil is the finding of a new market for Dominican tobacco. It is desired to sell it in the United States, but that is at present quite impossible, because the import duties on Dominican tobacco in the United States are prohibitive. These duties are not prohibitive for Cuba, on account of the excellence of Cuban tobacco, which brings high prices, thus permitting the payment of those duties, less the 20 per cent reduction granted to Cuba. But for the Dominican Republic the present duty is prohibitive because, being similar in quality to that of Porto Rico, its tobacco could only be introduced here under conditions similar to those granted to Porto Rico. The remedy proposed is thus: A reciprocity treaty which may admit this tobacco to the markets of the United States and admit in exchange some products of the United States into the Dominican Republic under similar conditions.

Possibilities of international cooperation.—The procedure suggested appears to us to be the best form of cooperation obtainable,

as it would bring good results not only to the tobacco planters and to the treasury of the Dominican Republic, but also to the American producers of the products exchanged for Dominican tobacco. It would be of benefit, further, to all American manufacturers, because the Dominicans would buy from them the manufactured products they now buy in Germany with the price of their tobacco. They will still be compelled to buy from Germany after the war if the suggested reciprocity treaty is not passed.

2. THE MONETARY SITUATION.

Since 1900 the legal currency of the Dominican Republic has been the American dollar. The war has not affected the monetary condition except in that it has stopped Dominican credits in Germany, thus diminishing the purchasing power of the Republic.

3. THE PRESENT BANKING SITUATION.

Aside from a very few private bankers and merchants who are engaged in the banking business, there are in the Republic two banking institutions, the Royal Bank of Canada and the Banco Nacional de Sto. Domingo. Neither of these issues bills as yet, and neither of them gets extensive deposits from the public, as very few people have as yet acquired the habit of depositing their savings outside of their own houses. The main banking business at the present time is the discounting of drafts made by exporters upon European and American houses.

The banks also lend money, with or without collateral, to the merchants, manufacturers, and farmers, charging as interest from 9 to 15 per cent a year. According to the banking law of the Dominican Republic, any firm or corporation, national or foreign, either independent or a branch of a foreign bank, may issue paper currency up to the amount of its capital, provided that the capital be no less than \$500,000, that it fulfill certain conditions prescribed by the Dominican treasury department, and that it keep in its safe a metallic reserve in coin to the value of half the amount of the issue. The latter condition, i. e., that the bank keep in its own safe the guaranty of its issue, and the fact that the people have been in times past victimized by issues not well guaranteed, produce a condition which would bring about the failure of any bank of issue which could not offer complete assurance of its strength. There is no question, however, as to the complete success of branches of strong and recognized American banks, which, enjoying the perfect confidence of the people, would be able to issue circulating notes acceptable to the people and would in time be in a position to obtain their

deposits and get them into the habit of making payments by means of checks.

4. THE FINANCING OF PUBLIC IMPROVEMENTS.

The underwriting of national loans.

(a) The Dominican Republic has at present two debts, both guaranteed by the customhouse duties, one of \$20,000,000 at 5 per cent annual interest and the other of \$1,500,000 at 6 per cent annual interest. In payment of the sinking fund and interest on the first of these debts the Dominican Republic remits \$100,000 per month to the Guaranty Trust Company of New York. In payment of the sinking fund and interest on the second the Government remits \$30,000 per month to the National City Bank of New York. The Government has never failed in the punctual payment of these remittances, and the delegates have no instructions to negotiate any new loan.

The underwriting of provincial or State loans.

(b) The Provinces of the Republic are political and military subdivisions without legal capacity for obtaining loans, and which have never obtained any loans since the Dominican Republic has had a central administration and all provincial affairs have been directed from the capital.

The underwriting of municipal loans.

(c) Municipalities are independent entities with legal capacity, under certain limitations, to administer their own affairs, and to negotiate loans for the improvement of their public services, with the previous authorization of the House of Representatives. Most of them have up to this time obtained loans from private bankers, have always paid them, and have never placed loans abroad. There are, however, ample opportunities for foreign investment in this field.

5. THE FINANCING OF PRIVATE ENTERPRISES.

(a) The Republic has only two railroads and is in need of more transportation facilities, a need which is now being partially met by the building of highways, for which work the Government has at present money deposited in the Guaranty Trust Company of New York. Notwithstanding this, however, the work is proceeding slowly and to a very limited extent. This means that there are ample and highly profitable opportunities for the investment of

capital in the building of highways, steam railways, electric railways, electric light, gas and power plants.

(b), (c), (d). The few manufactures in the Dominican Republic comprise soap, matches, ice, candles, hats, shoes, harness, cigars and cigarettes, alcohol, sugar, and chocolate. The sugar industry obtains its capital chiefly from bankers in New York, and the other industries in the Republic. The merchants, importers, and exporters obtained their credits before the present war from the United States, England, and Germany. German goods were bought through commission houses in Hamburg and other German cities on six months' credit, or sometimes longer, with annual interest at 6 per cent and a buying commission up to 5 per cent. German merchants could get the goods from the German manufacturers upon the same basis with respect to time of payment or even longer, knowing that these goods were intended to be sold on the same time to the Dominican merchants. The Dominican importers were thus able to sell to the retailers on time, making a good deal of business on credit. Since the outbreak of the war, some German houses in New York have extended credit to Dominican importers, but have thus far been unable to meet all the necessities created by the war. Consequently the importers are handicapped by the war. It is further to be noted that Dominican exporters formerly obtained credit in Germany to finance the crops of tobacco and other products sent there by drawing drafts at 90 days' sight without collateral, on the condition that the merchants were to cause products sufficient to cover the amount drawn to be in Germany three or four days before the draft was due. That was credit based upon the personal knowledge that the German merchant or banker had of the financial responsibility of the Dominican exporter, and thus it was a common practice, when the goods could not reach destination on time, for the exporter to draw an accommodation draft against another German merchant or banker to pay the first one, the second acceptor to be reimbursed with the products of the same merchandise. By means of this facility the exporter of the Dominican Republic was able to advance to the farmer money that was to be paid in products. As that system of credit has ceased since the outbreak of the war, the conditions of the Dominican Republic have been upset, affecting the farmer as well as the exporter, who are hoping that the American importers and bankers may be able to arrange to render the same service which the Germans formerly rendered. To bring this about, it is necessary that the American importers and bankers gain the same personal knowledge of the Dominican exporters that the Germans have.

(e) We believe in the possibility of securing greater uniformity in laws relating to trade and commerce, in customs regulations, and the more effective protection of trade-marks.

6. THE EXTENSION OF INTER-AMERICAN MARKETS.

(a), (b), and (c). Long-term credits, acceptances, and discounts, and the establishment of direct exchange have been explained in connection with matters treated above.

(d) The Dominicans are used to the manufactured products of the United States, and may get into the habit of buying new goods through the medium of samples, which are admitted free of duty. With regards to the admission of samples, the Dominican customs law provides as follows:

Class O—Articles free of duty: No. 1191, unsalable samples or those that have no commercial value; No. 1191 (a), samples of a value no higher than \$2,000, introduced by bona fide commercial agents, for their commercial business, provided that they do not remain in the territory of the Republic more than four months, and that bonds be given to the satisfaction of the collector, the latter being obliged to inspect the samples when they enter and when they go out for identification of the same.

(e) The Dominican Republic is seriously affected by the tariff laws of the United States, as it is situated between Cuba, which enjoys a reduction of 20 per cent, and Porto Rico, which sends here its products free from any duty; and, although our lands and labor are cheaper than those of Porto Rico and Cuba, the competition is very hard to meet, and were it not for the hope of the entrance of our sugar free of duty in the United States our financiers would be without any hope, since already our tobacco is without any market. On the other hand, the Dominican tariff laws do not injure the United States, because they do not specially favor any country.

7. MERCHANT MARINE AND IMPROVED TRANSPORTATION FACILITIES.

(a) On account of the war, by the elimination from the seas of the German vessels, which constituted 30 per cent of all the tonnage that arrived at Dominican ports, and the circumstances of the scarcity of ships of other nationalities, the ocean transportation has suffered a great deal in the Dominican Republic. From the United States there is only one line of passenger ships plying between New York and the Dominican ports, making two or three trips monthly, and besides there are some freight ships between these ports and New York or Boston. Ships are commonly small craft of 2,000 to 3,000 tons and of a speed of from 10 to 12 knots an hour, which make their trips from New York to the first Dominican port in five or six days and spend eight or nine days in reaching San Domingo City; it is thus desirable that the number and the speed of the ships be increased, as there are freight and passengers to justify this improvement.

(b) The Dominicans have a parcel-post treaty with the United States from which desirable results have not been obtained on account of the absence of a money-order system with the United States, although a domestic system is in effect in the Republic itself. The postage rate between the Dominican Republic and the United States is 150 per cent higher than the one existing between the United States and Cuba and Mexico. It is thus desirable and necessary for the improvement of the relations between the two countries that a reduction be made in the postage rates and that a money-order system be established. In furtherance of these objects the Dominican delegation proposed on May 24 for the consideration of the conference the following proposition:

The task of rapidly promoting a permanent increase of commercial business between the United States and the Latin-American countries is more than anything else an educational one.

The war that is devastating half of the civilized world has already produced, and will continue to produce for some time to come, a tangible increase of inter-American commerce, as an inevitable result of the closing of the ports of Germany and of Austria and of the withdrawal from the seas of the merchant vessels of those two nations.

But the paralysis of the German and Austrian commerce is only temporary; and if an educational campaign, to teach the countries of Latin-America that here in the United States are produced or may be produced all the manufactured goods formerly exported by Europe, is not undertaken at once and with tenacity undoubtedly when the war is over the business will return in great part to the channels it followed before the war. This must be true for the simple reason that so short an experience with the goods of the United States, even though it were to be supported by the good will of the Latin-American Governments, would be impotent by itself to destroy habits and prejudices of many years standing. This result is the more likely to follow if little be done to convince Latin-Americans that the diversion of trade which came about through necessity can best be continued upon grounds of unquestionable convenience and profit.

In an international educational campaign the most powerful weapon is the post. An army of traveling salesmen, as big as it might be, can not be compared—either in the rapidity of its effect or in its ability to reach the remoter regions of a country, or in its possibility of serving equally the small and the large manufacturers and exporters—with the effect of letters, circulars, and the newspapers.

The efficiency of the post is undoubtedly more immediately useful to the producer than to the consumer, and to the manufacturer than to the agriculturist; and in this respect the United States should be chiefly interested in such an improvement. As consumers of manufactured goods and exporters chiefly of agricultural products the Latin-Americans have little to advertise, since they know that their sugar, their cocoa, their hemp, their rubber, and their coffee will be sold here even though not advertised; and naturally the Latin-

Americans may not see the necessity of undertaking a campaign for the purpose of educating their own people with regard to the fact that the goods they have previously obtained in Europe are also to be obtained in the United States. But this difficulty could easily be met by providing that the signatory Governments should contribute to the payment of the general service in proportion to the benefit received by each.

In view of these considerations the delegation of the Dominican Republic has the honor of submitting to the conference the recommendation that a special committee be appointed to study Latin-American postal conditions and to propose to all the Governments of America a plan for a Pan American postal convention which shall include the following provisions:

1. That the letter postage and the postage on circulars and printed matter between each and every country of the Pan American Union be established upon the same basis of rates as that now existing between the United States and Cuba and Mexico.

2. The adoption by all the countries of the Pan American Union of the same rules and the same rates for newspaper postage as that now existing in the United States.

3. The adoption by all the countries of the Pan American Union of a uniform service of postal money orders and parcel post.

4. The establishment of a Pan American Postal Commission, with headquarters in Panama City, which shall act as a clearing house for the postal administration of all the signatory governments.

Pending the consideration and adoption of the foregoing proposal the committee submits, as a suggestion for relieving the immediate demands of the situation, the following resolution:

RESOLUTION LOOKING TO THE RELIEF OF IMMEDIATE DIFFICULTIES IN CONNECTION WITH THE POSTAL LAWS.

Whereas the Postmaster General of the United States has announced the willingness of the United States Government to establish the domestic rate of postage reciprocally between any Latin-American country and the United States; and

Whereas the United States Government controls the rate of postage on all matter mailed in the United States;

Resolved, That the Dominican Republic committee recommend to the Postmaster General of the United States the establishment of the present domestic rate of postage for letters addressed to each and every country in Latin America without regard to the rate applied to letters destined to the United States; and be it further

Resolved, That appropriate stamps be designed and issued to commemorate this important step taken on the side of the United States to facilitate the trade with other American countries; and be it further

Resolved, That a copy of these resolutions be transmitted to the honorable the Postmaster General of the United States.

Respectfully submitted.

FRANCISCO J. PEYNADO,
Chairman.

ECUADOR

ECUADOR.

GROUP CONFERENCE REPORT.

HON. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: The Ecuador committee has conferred with the delegates of the Ecuadorian Government on the subjects mentioned in the program and begs to report as follows:

I. PUBLIC FINANCE.

(a) The fiscal revenues of Ecuador amounted, before the war, to approximately \$10,000,000 American gold, consisting mostly in customs duties (on imports \$4,000,000 and on exports \$2,600,000, alcohol tax \$480,000, salt monopoly \$360,000) and internal resources. The decrease in the importations has necessarily decreased the figures about one and one-half to two million dollars, so that at the present it is estimated that the total income will aggregate about \$8,000,000.

Export duties have not been reduced appreciably, as they are mostly on the gross weight of certain articles exported, namely, cacao, coffee, hides, rubber, etc., and almost normal quotations on each have been reported.

(b) The only measures adopted to meet the actual conditions caused by the war were the borrowing of money by the Government from one of the local banks and the temporary suspension of gold exports and of the conversion of notes. This last resort was not utilized by all the banks, and those that did so have been constantly improving their cash reserves. It is considered that these now have about one-half of the legal gold reserve.

(c) The only immediate relief required in this direction seems to be the securing of a loan by the Government to pay the banks its indebtedness so that these institutions, handicapped by the heavy account of the treasury, may increase their gold reserves and better protect their note issue.

(d) Possibility of international cooperation can only be effected by lending the Government the money needed, three to five million dollars, on reasonable conditions and for a period which would permit it to repay the money at its convenience.

OBSERVATIONS.

The debt of the Government to the local banks is partly consolidated to be liquidated in 1927 and partly in current account. The consolidated debt, amounting to about \$2,500,000, earns 7 per cent interest. The floating debt amounts to about \$1,500,000, or a total of about \$4,000,000.

In addition to the debt to the banks the Government owes about a million of 6 per cent internal bonds and \$1,500,000 of floating debt, making a total of about \$6,500,000.

The foreign debt proper amounts to

4 per cent salt bonds.....	\$636, 750
4 per cent condors bonds.....	340, 000
	976, 750
Arrears, about.....	23, 250
	1, 000, 000

and the guarantee of the bonds issued by the Guayquil & Quito Railway to the extent of \$859,740 per annum until December 31, 1931.

The amount outstanding of these bonds is as follows:

6 per cent prior lien bonds.....	\$1, 975, 000
5 per cent first-mortgage bonds.....	10, 737, 000
	12, 712, 000

interest on the former has been paid to date; interest on the latter is due for five coupons, amounting to \$1,342,125.

Ecuador has also guaranteed the interest on 200,000 pounds sterling of bonds issued by the Ecuador Central Railway (about \$60,000 per annum) when the line is completed, and on 7,000,000 francs of bonds issued by the French Railway Co. of Ecuador (about \$70,000 per annum).

II. THE MONETARY SITUATION.

(a) Conditions prior to the outbreak of the war were perfectly satisfactory. The country was and still is (except for the temporary restrictions) on a gold-standard basis.

The monetary unit is the sucre (0.8136 grams gold 900 fine) equivalent to \$0.4866 American gold. Notes are issued by banks established in conformity with the law and must be protected by 50 per cent gold coin.

(b) The effects of the war, curtailing credits everywhere and disturbing in such a grave manner all foreign transactions, were felt during the first few months after the declaration of war. Conditions have been improving steadily, and the sale of most of the export crops has permitted the banks to maintain rates of exchange well nigh within their normal limits of fluctuations. The par value

of the dollar, United States, is 2.05 sucres, and the rate of exchange fluctuated between 2 and 2.11 sucres in normal times and advanced to 2.20 sucres, or about $4\frac{1}{2}$ per cent, premium.

(c) If Ecuador can maintain the sale of its export products and thus provide itself with funds to meet its foreign needs, there will be no necessity of any outside cooperation. Its main export product is cacao, which has doubled in price (about 120 shillings per quintal against 60 shillings in April of 1914), and although the rates of transportation have increased enormously there is a large difference in favor of the country. The crop amounts now to about 47,000 tons, and the increase in price of only \$5 per quintal gives the country an added value in this line of nearly \$5,000,000, enough to offset any loss in the other products.

The total exports amount to about \$15,000,000 and imports about \$10,000,000, leaving a favorable trade balance of some \$5,000,000, which permits the country to maintain its exchange on a level even under the present restricted condition of its currency.

(d) The gold standard can, therefore, be maintained unless something unforeseen happens. Should the Government fail to secure a loan with which to pay the banks, the latter would be able to raise their gold reserves to the normal rates by simply accumulating the surplus of the trade balance. They may not export it in gold coin, but they can carry balances with American banks, which is just as good for exchange purposes.

III. THE PRESENT BANKING SITUATION.

(a) The banking facilities in Ecuador were quite satisfactory at the outbreak of the war. Its banks could attend easily the needs of the country, and the rate of interest for commercial loans was 7 to 9 per cent per annum—a very common rate in Latin America.

Ecuador has four banks of issue: In Guayaquil, Banco del Ecuador (capital 3,000,000 sucres), Banco Comercial y Agrícola (capital 5,000,000 sucres); in Quito, Banco de Pichincha (capital 1,500,000 sucres); in Cuenca, Banco del Azuay (capital 400,000 sucres). There are two mortgage banks, Banco de Crédito Hipotecario (capital 1,000,000 sucres), Banco Territorial (capital 1,000,000 sucres), and two mixed banks, Banco Comercial y Agrícola, which has a mortgage department, and the Compania de Crédito Agrícola e Industrial (capital 1,000,000 sucres), the last being a mortgage and savings bank.

The outbreak of the war caused, of course, a restriction in the current transactions of all the banks, but they are steadily resuming their normal state, and now they may be said to be almost in as good condition as they were last July.

(b) Branches and agencies of foreign banks are not provided for in the banking laws, and, although they are not forbidden, there are no definite conditions under which they can operate.

Legal reserves are enforced only on note issue, but not on deposits, and the general provisions in regard to agencies of foreign corporations set forth in the commercial code are too general to cover, especially banking institutions.

Direct exchange has existed for many years; that is, drafts are drawn in dollars on the United States and drafts from the United States on Ecuador are drawn in dollars as well as in pounds sterling. Banking connections being so limited with the United States, merchants often use the bill of exchange on London as a means of settling their accounts. As London banking connections are becoming more difficult every day, the turning over to the United States could easily be accomplished if American banks would establish a means of financing shipments as liberally as London did. Bills on New York at 60 days' sight, if drawn by responsible parties on first-class banks or bankers, are easily negotiated. The commercial letter of credit is little used, as exporters draw on their correspondents clean or documentary bills, and local banks do not demand authority of drawees except in special cases.

(c) Further international cooperation is absolutely necessary if it is desired to secure for the United States the advantages of being the distributing and clearing center of Ecuadorian trade. This can be secured by extending banking credit to exporters and banks just as much for shipments intended for this country as for those directed to other countries. For this it should be possible that American banks make due arrangements with their foreign correspondents to transfer values to their accounts against shipping papers or re-drawing, as the case may be.

This work is especially complicated at this time, but it is easier for American banks to do this than for Ecuadorian banks or exporters. For instance, formerly a shipment of cacao to Spain was financed by the exporter of Ecuador drawing on London for account of the Spanish buyer, who made the arrangements through a Spanish bank (for the agent of the British bank in Spain). Now, it should be possible that the same shipment be financed by permitting the exporter of Ecuador to draw on an American bank against shipping papers for Spain and either arrange with the Spanish buyer to draw against him from here (in dollars or pesetas) or to arrange with a Spanish bank to transfer the credit.

Should there be an agency of the American bank in Spain, the transaction would, of course, be easier, and Spanish shipments could then be financed also.

IV. THE FINANCING OF PUBLIC IMPROVEMENTS.

Ecuador has not borrowed any money directly for public works nor has offered any of its own bonds for other purposes. Its outstanding obligations originated in the consolidation of floating debts or guaranties of issues made by constructing companies as above mentioned.

The bonds mentioned as "salt bonds" were issued to pay three coupons of the bonds issued by the railway company, and the "condores" bonds (called "condores" because they are issued in Ecuador currency; 1 condor equals 10 sucres) were issued to pay off a small balance of the old external debt.

No issue has been made directly by the Government (other than the two mentioned), although it might be very desirable to consolidate the guaranteed bonds, clearing a situation which is embarrassing for the country, as its customs revenues are all pledged to a guaranty in a very unreasonable way. In fact, the guaranty in favor of the railway bonds amounts to \$859,740 per annum and the revenue pledged to the service amounts to \$6,600,000 (import duties \$4,000,000 and export duties \$2,600,000). There is no reason why the country should tie up \$6,600,000 to guarantee only about 13 per cent of this amount.

There are no provincial loans outstanding or authorized. The Provinces are not permitted to contract for loans except as advances of taxes to be collected. All loans are contracted only by the Government itself.

The municipalities owe very little money, and it is due mostly to local banks or capitalists. Only the municipality of Guayaquil has an indebtedness of some importance, due partly to the banks and partly of a floating character. The municipality of Quito has been authorized to contract a loan for public works, but it has only raised a small amount, largely with local banks.

Fiscal as well as municipal finances have not been as satisfactory as could be desired. Much has been gained during the later years, but the decentralization of taxes to a certain extent has been responsible for a confusion in the collection of the same and the consequent improper balancing of revenues and expenses.

The last figures show a deficit, partly because of extraordinary expenses due to political disturbances. The administration is, however, making all efforts to keep within its own income and payments are met almost in a normal way.

V. THE FINANCING OF PRIVATE ENTERPRISES.

(a) There are only three railway companies operating lines in the country—the Guayaquil & Quito Railway Co., operating the line

between Guayaquil and Quito (286 miles); the Ecuador Central, operating the Manta Railway (40 miles); and the French company, operating a small part of the line from Bahia to Quito (about 35 miles). These have been financed in Europe and the need for money has been met already. Further financing is limited at present to the settlement of the situation of the first-named railway, which would call for a reorganization of its finances in full. This is a complicated matter that needs readjustment and should be looked into carefully.

We understand that the refinancing of the other two companies might be desirable, but this requires looking into their affairs more closely than can be done at present.

There are two street car lines in Guayaquil, both of which need looking into. One of these companies owns an incomplete electric plant, which needs money to finish its installation.

Electric light exists in very few cities, there being a wide field for the extension of this service. Water service is very deficient, there being also great possibilities in the matter of supplying many of the cities as well as for irrigation purposes.

Sewerage is another line of immense importance and is needed in almost every city. All these works demand a careful study as to the ability of the respective communities to pay for them. No doubt satisfactory arrangements could be made and the Government is quite willing to assist them all.

The very important work of sanitating the principal port—Guayaquil—is in the hands of a very responsible concern, but it is progressing very slowly, due to lack of immediate funds. It would be most desirable to look into this matter promptly and to assist the country if possible in securing this service at an early date.

(b) Merchants need reasonable credit. They have been accustomed to long and easy terms from Europe, and they can not buy for cash as has been the rule in America. It is suggested that American business people interested in extending their trade consult the needs of their buyers, meeting their wishes as far as possible. Ninety-day acceptances would be something quite within the possibilities and would meet their demands. Of course this is a matter of adjustment with each customer and depends on the kind of goods sold.

(c) Crops are financed within the country. The only way in which foreign credit interfered was by permitting exporters to draw in advance of shipments for the purposes of advancing money to farmers. There is no reason why this should not be done in the United States as well, especially with such clients as are perfectly solvent and honorable.

(*d*) It would be very advisable to secure the means of protecting these advances as well as credit for merchandise shipped. Ecuador has a "warrant" law permitting the issue of certificates for goods stored in the customhouse of Guayaquil and which are negotiable. These could be used to protect d/p drafts. Ecuador has special provision in its code of commercial laws covering collateral loans whereby special protection is given to securities and personal property collaterals.

(*e*) To secure uniformity of laws in certain lines it is necessary that a typical law be drafted and submitted to Ecuador as well as to all other countries of Latin America. The country is quite willing to agree to all that is reasonable and which might tend to improve general conditions of trade. Of course this requires the passage of laws in Congress which meets in August every year. There is no doubt as to the possibility of securing such laws, provided they are intended solely for the betterment of commercial relations.

VI. THE EXTENSION OF INTERAMERICAN MARKETS.

(*a*) There is no need of extending long-term credits as was done formerly from Europe. Reasonable credit is desired, but such long terms as 9 and 12 months are only an undue inducement to over-extension and the creation of artificial trade. Three months' acceptance, and perhaps six months in some cases, would be all that is needed. In only one case could long terms be commended—for improving farming by allowing, as is done in this country, as much as three years to pay for agricultural machinery and also for mining machinery. But this requires special guaranties, such as chattel mortgages, which do not exist.

(*b*) Acceptances against bills of lading as a substitute for open accounts are desirable, as they permit the American exporter to turn over his money. But this requires that such bills be discounted in the United States. Otherwise the transaction is hardly possible. To keep an accepted draft until maturity is just as bad as to sell on open account. Arrangements should be made to facilitate the discount of bills with shipping papers attached. Before the war this was possible with almost every country; to-day it is restricted to very few countries—Ecuador being deprived of the facility at present for no good reason.

(*d*) Ecuador has a long-time trade with the United States, and almost all her goods are adaptable to that market. It has been the practice of American manufacturers to insist on selling their goods just as they made them; but experience has taught them that they must conform with the requirements of their buyers. This is done now to a large extent. It would be advisable to continue the policy of satisfying the buyer as far as possible.

(e) There is no discrimination in Ecuador in favor of or against the United States in the matter of import duties. All countries are under the same tariff. Some goods are very heavily taxed, and in each individual case it is possible to secure amendments to the tariff if good reasons are given. These changes, however, can not be made except by Congress, which meets once a year. It must be borne in mind that the country's revenue is derived mainly from its import duties and that it is a tariff for revenue only.

VII. MERCHANT MARINE AND IMPROVED TRANSPORTATION FACILITIES.

(a) Present transportation facilities are very limited, as very few boats call at the ports of Ecuador. The steamers of the Pacific Steam Navigation Co. (owned by the Royal Mail Line) call at regular intervals, but the service is very deficient. These boats are permitted to call at all ports and to do a coastwise trade. As a rule they are old and slow vessels and are charging to-day exorbitant rates. The Peruvian steamship companies also call at Guayaquil, but they have no definite itinerary. Occasionally steamers going through the Panama Canal call at Guayaquil if they are given enough cargo. The entire service from Ecuadorean ports to Panama for transshipment and to New York and eventually to Europe is irregular, and for this reason shipments are uncertain.

The Panama Railroad steamship line receives cargo for Ecuador to be transshipped at Panama and also brings goods transferred at this port from the Pacific side steamers. It might be advisable that this company, which is owned exclusively by the American Government, extend its trips to Guayaquil at least, and if possible improve its service. Ecuador can produce a large quantity of fruit which could be handled if satisfactory refrigerating service be supplied. The United Fruit line also takes and brings cargo to and from Ecuador in the same manner as the American Government line, and no doubt it will extend its services to Ecuadorean ports in due time.

We are informed that the Government of Ecuador is prepared to grant every facility to any steamship company which would establish a regular line and charge reasonable rates. We understand that it would be possible to secure payment for transportation of mails, and that exemption of port charges can be secured also.

Encouragement for the development of the service can only be given by Government assistance. It is not possible to foresee to what extent the business can grow at this time, as no one knows what can happen under the abnormal conditions of the world. But it can be more or less safely stated that the export products of Ecuador being salable in times of war the gross tonnage of 100,000 to 120,000 tons for exports can be maintained, and that imports for some 125,000 to 150,000 are more or less secured.

(b) Postal facilities can be improved by the extension of the postal money-order service, the reduction of postage, and the betterment of mail transportation. It seems that only one steamship company carries the mails between New York and Panama, where they are transshipped. This causes an unnecessary delay, which can be remedied by using all mail steamers both ways.

TAX ON SALESMEN AND DUTY ON SAMPLES.

The present tax in most Republics is so high that many manufacturers are deterred from making experimental trips. It is suggested that if the charge were reduced to a reasonable sum and one payment to cover all cities in the Republic, the additional number of travelers would more than make up the amount now collected from a few.

TARIFF OR DUTY ON SAMPLES AND THE REMEDY SUGGESTED.

The present plan of charging duty on such samples as boots and shoes, even where the duty is returned, is so unsatisfactory and expensive that manufacturers have found it necessary to destroy or mutilate many hundred dollars' worth of samples each year so that they may be entered duty free. They are thus put to large pecuniary loss and do not feel able to show as full a line of merchandise. For this loss to them the Republics get no compensating advantage; instead, the reverse. We would respectfully suggest as a remedy that each Republic allow salesmen to deposit with the customs authorities a bond issued by some reputable bonding company in the United States, said bond to be a guaranty that the samples will be taken out of the Republic. Bond to be returned to the salesman without delay when such samples have been delivered to the customs for reshipment.

GENERAL OBSERVATION.

Due to misunderstandings that have existed in connection with certain enterprises that have been undertaken by individuals in Ecuador there has not been as cordial a desire on the part of the people of Ecuador and the United States to cooperate with each other as should be the case. A careful study of the facts leads this committee to believe that the two countries can work together to their mutual advantage if past unfortunate events can be forgotten, and it is our recommendation that every effort be made by the Governments of Ecuador and the United States to bring about the friendly feeling that we are confident can and should exist between the people of these two countries, and that once established should result in developing trade and intercourse that would be of great value to both.

Respectfully submitted.

J. CUEVA GARCÍA, *Chairman.*

GUATEMALA

GUATEMALA.

GROUP CONFERENCE REPORT.

HON. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: The public revenues of Guatemala, which consist largely of duties on imports and an export duty on coffee, were somewhat affected by the war by reason of reduced imports and exports. The import duty on flour was abolished and that on other necessities was reduced. Steps were taken to keep down the ordinary expenditures of the Government by means of economy in administration and by limiting the expenditures for public buildings and public works. At the same time the Government purchased flour to be supplied to the poorer classes below cost, thereby increasing its expenditures. On the whole, the measures adopted to meet the situation were wisely conceived.

While the European war at its outbreak caused a reduction in the demand for coffee and a consequent fall in price, yet since that time sales and prices have been restored almost to their normal levels. The prosperity of the country is greatly dependent on coffee, and little upon any other cause which the war might affect. The difficulties of the country which existed before the war are but slightly increased. While its external transactions are of course carried on in gold and the duties in part are imposed on a gold basis, yet the actual currency of the country is paper, consisting of notes of six banks of issue, the value of which varies widely, at present being about 5 per cent of its face value in gold.

The Republic of Guatemala is not only in need of a reorganization of its monetary system, but the people of that country are in need of better credit facilities, both long and short time. By short-time credit is meant loans "from crop to crop," that being the usual credit extended in that country, and the crops affording the only method of liquidating advances. In this connection the following recommendation was unanimously adopted:

The monetary system of Guatemala is in an unsatisfactory condition. It would be necessary to borrow \$12,000,000 in gold to place and maintain the country on a gold standard. It is the sense

of the conferees that a loan of such proportions is well within the ability of Guatemala to pay, and can be raised in the United States if the Government of Guatemala will make application for a loan in this country under such conditions as will assure the payment of the principal and interest.

It is believed by the conferees representing the United States that a fund of \$10,000,000 gold can be raised by a syndicate in the United States for the purpose of providing Guatemala with the needed banking facilities and enabling it to place and maintain itself on a gold standard, said fund to be administered as follows:

The Republic of Guatemala would grant a perpetual charter for the National Bank of Guatemala, with contract that it would not grant for 50 years any other bank charter.

It would have power to do all classes of financing, and would be the sole financial agent and depositary of the State.

Capital and surplus \$10,000,000 gold, weight and fineness, to be furnished by a syndicate of which the bankers of Guatemala would be a part.

The right to establish branches throughout the country, with obligation to maintain branches in all cities of 5,000 inhabitants or upward.

It would loan the Government on its bonds \$5,000,000, for the purpose of retiring present existing issue of paper money.

It would be the sole bank of issue and fiscal agent for the Government.

It would be authorized to issue \$2 in currency for each dollar of gold or Government bonds; currency redeemable in gold at face value on demand.

It may increase its capital from time to time, all increases to be made in standard gold at par.

Government revenues pledged for the payment of the interest.

Default of interest would entitle the United States Government to take possession of customhouses and collect revenues.

The conferees representing Guatemala agreed generally with the suggested plan, but expressed no opinion as to the proportion of bank notes to gold and rejected the plan of securing the payment of interest in case of default, these being considered by them to be purely matters of policy to be determined by their Government.

A branch of the United States bank, a bank controlled by United States capital, or a bank closely connected with a United States bank would be to the advantage of direct trade between Guatemala and the United States and would make "dollar exchange" more valuable and desirable.

Conferees representing the United States believe that if such a bank were established in Guatemala it would also afford such accommodations in the way of extended credit as to afford greater relief to producers.

The following recommendation was unanimously adopted:

We recommend to the conference that it express its hope that the Federal reserve banks may devote particular attention to promoting commercial relations between the American Republics; and that by the quotation of forward discount rates, by the establishment of bureaus or agencies or the performance of such other appropriate functions as the law permits the Federal reserve system may exercise its potent influence toward standardizing credits and facilitating the movement of imports and exports, thereby encouraging the investment of United States banking and other capital wherever favorable opportunities offer.

There are no governmental divisions of the country corresponding to the States of the United States. The cities, with the exception of the capital city of Guatemala, are of no great size. The city of Guatemala has a tramway system owned by American capital, which is at present equipped with horse, or rather mule, cars. There is a plan on foot now to modernize the system, but as it is owned by a large American syndicate the financing of the plan, if carried out, would probably be taken care of. Outside of the city of Guatemala there are no tramway systems, nor are any of the cities of Guatemala large enough to support one. A number of the municipalities own water works and markets, which have been or are being paid for by taxation, and in some cases temporary loans have been obtained from the local banks by the municipalities to make payments on such public works, these loans being repaid out of the proceeds of taxation. The municipalities have no bonded indebtedness like cities in the United States, their debts being represented by these short-time loans. There are some opportunities for United States capital to finance public utilities in Guatemala. There is now under consideration a plan for constructing a new sewerage system in the city of Guatemala, and a plan for constructing an entirely new system of water works for the same city. The estimates for the former run over \$1,000,000 gold and for the latter at least \$1,500,000 gold. There are also possibilities for constructing electric lines for connecting the city of Guatemala with several near-by towns and cities.

The railways of Guatemala are practically all owned in the United States and constitute almost the only investments in Guatemala of people of that country. Investments of German capital to a large extent, probably in excess of 50,000,000 marks, have been made, principally in coffee growing, and English capital has been invested to a less extent in the same.

The foreign business of Guatemala is financed principally by means of acceptances and bills of exchange, and this method has been found satisfactory, but an extension of such facilities would be

greatly to the advantage of the country. Warehouse receipts are not used, as there are no warehouses under public ownership or regulation.

The foreign trade of Guatemala is carried on with the United States to a considerable extent. Coffee, which comprises 80 per cent of its exports, is shipped principally to Europe. The quality of this coffee is excellent, and it brings a high price in the markets of Europe, and especially London, where the finest grade commands a very high price. There is no reason, however, why this coffee should not be sold more extensively to consumers in the United States of the better grades of coffee.

Guatemala is a country of great natural resources and a good laboring class, and with intelligent cooperation a number of articles used in this country might be produced there.

The following recommendations were unanimously adopted:

Guatemala and of increasing the United States foreign trade with that country would be to have our manufacturers of agricultural implements ship machines for demonstrating purposes to different parts of the country, with their own demonstrators, and that the Government of Guatemala be requested to supervise these demonstrations in instructing the agriculturists of the country in proper methods of cultivating the land and using modern tools and machinery.

The resources of Guatemala in valuable woods need development. Transportation facilities necessary to bring the wood in the rough to mills is insufficient. It is recommended that the attention of American manufacturers of portable sawmills be called to this, in order that the wood may be cut at growth, thus reducing the ultimate cost of transportation to market. Improved sugar-cane milling machinery is also needed, and the attention of American manufacturers of such machinery is also directed to this.

That American manufacturers and exporters seeking an outlet in South and Central American countries for commodities intended for wide distribution be requested to put their wares in passages conforming to the transportation requirements of the country, so as to better meet the convenience of the peoples of those countries and popularize American commodities and manufactures.

Over 55 per cent of Guatemala's imports are bought in the United States, and this amount could be largely increased by some effort on the part of our manufacturers and exporters. The conferees adopted in this connection the following recommendation:

The American manufacturers and exporters be requested to establish and maintain in Guatemala City a permanent exhibition of American commodities which are at present less well known than European wares.

The committee reports that there is a stable republican form of government in Guatemala by which the laws are respected and en-

forced, and that there has been no revolutionary movement in 17 years; that Guatemala has a good system of primary education supported by the Government, with 1,820 schools, and attended by 63 per cent of the children of school age, there being an average of one school to each thousand inhabitants; that the teaching of English is compulsory in the schools, and proficiency in this language is a prerequisite to the degree of bachelor of arts; that the public health is protected by a national board of health, under whose direction epidemics have been entirely stamped out by means of vaccination and other preventives and remedies.

The following recommendations were also adopted:

That the conference recommends the early establishment of a uniform postal system between all of the countries of the American continents.

That the conference advises that there be adopted a uniform classification of all articles subject to customs duties among the different nations of the American continents.

That the conference recommends that American merchants be requested to grant their Latin-American clients a credit of not less than 90 days' sight for the payment of their purchases.

That the conference recommends the designation of agents to Latin-American countries who shall know not only how to present their wares, but who shall also pay especial attention to the characteristics of their Latin-American clientele, in order that its needs may be learned with a view to fostering business intercourse with American merchants.

That universities, high schools, and business colleges of the United States be asked to grant facilities to young men chosen from amongst the most promising in Latin-American schools of secondary instruction, or from the graduates of colleges, so that they may be sent to study business courses, political economy, finance, and other branches connected with or related thereto. These students on the conclusion of their courses in the United States to return to their respective countries in order that the ideas, experience, and knowledge they have acquired may be utilized.

That Latin-American countries be urged to devote attention to the study of political economy, business courses, finance, etc., increasing the scope of the said studies and making them compulsory in universities and colleges, the rudiments to be imparted in primary and high schools.

That the respective Governments afford the necessary facilities for an interchange of professors and students from the countries of the three Americas, with a view to furthering their mutual acquaintance and increasing scientific intercourse in commerce, banking, etc. These professors would devote themselves to the diffusion of these ideas by means of lectures, preferably.

That Spanish be taught in all schools, colleges, and universities in the United States, in order that a greater number of men, competent to develop the commercial intercourse of Latin America, may be trained.

That greater attention be paid to the study of the geography, history, and general conditions of Latin-American countries, so that a clearer conception of their resources may be gained.

That chambers of commerce be established throughout the countries of this continent, which, owing to their peculiar knowledge of the banking and business conditions, are in a position to furnish all data regarding business and industrial conditions to persons soliciting such.

That, so far as possible, steps be taken to improve means of transportation along the Pacific coast, and that vessels stop at all important ports, both in Latin America and the United States; and if private enterprise fail to provide the necessary means of marine transportation for interchange of the field and factory products of the United States and Central American countries, the respective Governments aid in providing such necessary marine transportation.

The appointment, in addition to the committee named to carry out the resolutions adopted by the conference, of the members of each delegation as a consulting committee of each country, so that all subsequent data on finance to be published later by the respective countries may be given these committees, and in order that should the central committee deem it wise the various matters be referred to the different countries.

In the belief that a larger comity between Guatemala and the United States can be greatly enhanced by an improved banking system in the former country, and that the cordial cooperation shown in the Guatemala group conference by the representatives of the two Governments in the discussion of some banking system of mutual interest to the two Governments can lead to the establishment in Guatemala of such a banking system, after due and adequate study of local conditions by some representative from the United States now in attendance upon the Guatemala group conference, it is the sense of this conference that Hon. David R. Francis, of St. Louis, Mo., be requested by the Government of the United States to visit Guatemala for this purpose as honorary commissioner; and acting further in cooperation with Dr. Víctor Sánchez Ocaña, Dr. Carlos Herrera, and Dr. Juan S. Lara, of the Guatemalan delegation, that he be requested to report to his Government such information as may permit speedy and fruitful results through the establishment in Guatemala by American financial aid of banking facilities adequate to the mutual needs of the two countries.

Respectfully submitted.

VÍCTOR SÁNCHEZ OCAÑA, *Chairman.*

HONDURAS

HONDURAS.

GROUP CONFERENCE REPORT.

HON. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: The delegates from Honduras, at the suggestion of the delegates from the United States, prepared a report as to the conditions in and the needs of Honduras, following in their report the recommendations of the honorable Secretary of the Treasury as to the subjects to be considered by the different group committees. Your conference committee has therefore interwoven with portions of this very comprehensive report of the Honduras delegates its recommendations for the consideration of the financial conference, and has the honor, therefore, to report the following outline of conditions at present existing in Honduras, with suggestions for the development of the natural resources of that country which might prove to the mutual advantage of Honduras and the United States if these could be brought about by cooperation.

I. PUBLIC FINANCE.

- (a) Public revenues and expenditures as affected by recent events in Europe.
- (b) Measures adopted to meet the situation.
- (c) Proposed remedies.
- (d) Possibilities of international cooperation.

The condition of the internal public finances of Honduras at the beginning of the European war was a very favorable one. Due to the efficient collection of fiscal resources the actual were larger than the estimated receipts and far greater than the actual expenditure. The Government applied large amounts of the surplus for the repair of the cart road leading from the capital to the south coast and the port of Amapala and to the improvement of the roadbed and the changing of rolling stock of the railroad from La Pimienta to Puerto Cortez, on the Atlantic coast of Honduras. Furthermore, it started works for the supplying of places of recreation and the beautifying of the capital of the Republic.

The prolonged drought of the past two years resulted in short crops and has affected the towns of the center and south of the Republic. This has been a calamity perhaps greater for Honduras than the European war, and the Government, in order to forestall a deficiency in its budget and avoid the raising of additional taxes from new sources, has imposed upon itself rigorous economies in its expenditures, excepting those absolutely necessary for the proper public administration.

II. THE MONETARY SITUATION.

- (a) Condition prior to outbreak of the European war.
- (b) Effects of the war.
- (c) Possibilities of international cooperation.
- (d) Outlook for uniform monetary standards.

The silver peso, 25 grams, 900 fine (approximate present value 36.15 cents in gold) is the monetary standard, and this circulating medium is abundant on the market. It is supplemented by the notes of private bankers. There is some scarcity of bank notes, necessitating transfer from town to town, but as this monetary question is purely an internal one, we do not think it necessary to consider it here.

III. THE PRESENT BANKING SITUATION.

- (a) Conditions existing prior and subsequent to the outbreak of the European war.
- (b) The establishment of branch banks and direct exchange.
- (c) Possibilities of further international cooperation.

The banks of Honduras are the Banco de Honduras and the Banco de Comercio at the capital and the Banco Atlántida at Ceiba, on the Atlantic coast.

The operations of these banks are confined to mortgages and short-time loans, at rates of interest of from 10 to 12 per cent per annum, and to a small extent to the sale and purchase of exchange on foreign countries.

While commercial intercourse between Honduras and the United States could be benefited by the investment of American capital in local banking institutions and the establishment of branches by United States banks as now authorized under the Federal banking laws, we do not think this step immediately necessary; for we are of the opinion that if the banks now located in Honduras will make the effort satisfactory credits can be established with banks in the United States to adequately handle the business carried on between the two countries.

The establishment of the gold standard in Honduras would be a very desirable reform. It is not probable that this could be carried

out until the country's external debt, now in default, has been adjusted. We would, however, recommend a careful study by the Honduras authorities of the Argentine conversion law, No. 3871, of November 4, 1899, eminently successful in that country after actual experience. This law had the effect of giving the country a practical, stable paper currency many years before it had accumulated sufficient gold to make actual conversion of the currency possible.

IV. THE FINANCING OF PUBLIC IMPROVEMENTS.

- (a) The underwriting of national loans.
- (b) The underwriting of provincial or State loans.
- (c) The underwriting of municipal loans.
- (d) The relation of public credit to a well-organized system of taxation and balanced budget.

According to the message of the President to Congress in the present year the interior debt of the Republic amounted, on July 31, 1914, to 4,611,464.68 pesos. This debt has accumulated from old loans made to the Government for deferred payments and from losses caused by revolutions. The annual budget of expenditures sets aside each year a large sum for the amortization of this debt, and the surplus over expenditures has also been applied to the extinction of the interior debt. In the last fiscal year the debt was reduced from 5,747,743.51 pesos to the figure mentioned above.

Data submitted to this committee indicates that the surplus revenues of the Republic have been devoted for two successive years to the reduction of the country's internal debt, the reduction effected the last fiscal year, ending July 31, amounting to over ₡1,000,000, or nearly 20 per cent of the total internal debt.

There is a heavy external debt weighing upon the credit of the Republic. This consists principally of bonds issued for the construction of the railway from Puerto Cortez to La Pimienta and the arrears of interest thereon. The British Council for Foreign Bondholders represents the holders of these bonds.

For details covering the external debt of Honduras we would refer to the volume entitled "Morgan-Honduras Loan," by Juan E. Paredes (on file in the Pan American Union Library, Washington), also to "The Railways of South and Central America," by Halsey, 1914 edition.

However, transportation is one of the first essentials to the development of Honduras, and while the natural resources offer an encouraging basis to start from, yet the present condition of the country's foreign debt and limited income makes it of prime importance that they determine first what settlement can be made with the holders of the mortgage bonds on the railroad built from

Puerto Cortez to La Pimienta before negotiations are entered into looking to the interesting of foreign capital.

At present a surcharge amounting to 5 per cent in gold is imposed upon all importations in excess of existing duties collected in silver. The delegates representing the Government of Honduras indicate that if necessary this surcharge could be increased to 10 per cent, and the amount of revenues thereby produced applied toward amortizing the amount of external loan required for adjustment of the existing defaulted external debt.

They also state that the Government at present collects a tax of 3 centavos silver export duty levied upon each bunch of bananas exported, or the equivalent of $1\frac{1}{2}$ cents gold. It is suggested that this export tax could be increased to gross 2 cents gold per bunch, and the proceeds thereof likewise applied toward amortizing the external loan. These duties could, if necessary, be collected under supervision of nominees of the bondholders or be deposited as directed by them.

The total amount of revenues from these sources it is estimated would be \$410,000 gold per annum. The delegates indicate that the Government would guarantee a minimum of \$400,000 from these sources for the discharge of an external debt, and that the total amount so collected would be applied to that purpose.

V. THE FINANCING OF PRIVATE ENTERPRISES.

- (a) The present needs of public-service companies, such as railroads, electric light, gas, and power companies.
- (b) The needs of merchants and manufacturers.
- (c) The financing of seasonable crops.
- (d) The consideration of plans to secure a more satisfactory status for collateral as security for commodity loans.
- (e) The possibility of securing greater uniformity in laws relating to trade and commerce, in custom regulations, and the more effective protection of trade-marks.

As to "b, c, and d," all of these have been covered in previous paragraphs of this report.

(a) With reference to the present needs of public-service companies, the railroad enterprises established at the Atlantic coast of Honduras, which are those of Vacarro Bros. & Co.'s railroad at Ceiba and the Tela Railroad Co. at Tela, both located in the Department of Atlántida, and the Trujillo Railroad at Trujillo, Department of Colon, are all enjoying ample franchises. The importation of the material for the construction and conservation of the railroads is exempt from all fiscal and municipal duties or taxes and extensive land grants and other valuable concessions have been given to these companies.

At present there are no gas companies nor street railways in the Republic, and electric lighting undertakings exist only in Tegucigalpa, San Pedro Sula, and Ceiba. Electric lighting has been proposed for other cities, but has not yet been carried out. We think that these public utilities will be provided for by local or foreign capital after the country has begun to show the development expected from the completion of the railway to Tegucigalpa.

We recommend that the questions of laws and regulations governing trade-marks, banking, securities, commercial contracts, negotiable instruments, and also the dispatch of goods through the customhouse should be left to the general committee on uniformity of laws. We would, however, suggest the importance of giving due consideration to administrative regulations affecting all of these matters, particularly customhouse procedure, as well as to the actual statutes, as it is usually the great variation in port and customhouse regulations which makes importation and exportation complicated.

The Honduras Government would gladly cooperate with other Latin American countries in adopting uniform laws and regulations.

The principal sources of Government revenue are the import and export duties and the Government monopoly of rum made from sugar cane. The Government has a monopoly on the selling of powder, but this is purely for the purpose of controlling the sale for reasons of public safety.

VI. EXTENSION OF INTER-AMERICAN MARKETS.

- (a) Long-term credits as a means of stimulating inter-American trade.
- (b) Acceptances and discounts (including warehouse receipts) as a means of extending inter-American trade.
- (c) The establishment of direct exchange (often referred to as dollar exchange) as a means of extending American trade.
- (d) The adaptation of the manufactured products of the United States to the needs of the nations of Central and South America.
- (e) Tariff laws as affecting trade with the United States.

Commerce with the United States would be materially increased if the merchants and manufacturers of North America will make a careful study of the mercantile needs of Honduras and conform with the wishes of the buyers as to the style of wares offered and methods of packing. Proper packing is most essential in order to meet the duty exactions as well as to insure safe delivery when merchandise is consigned to parts of the country where transportation is difficult.

While price is the chief consideration in relation to merchandise shipped to the coast region, it is very necessary to grant long-term credits (three to six months) to merchants in the interior who are subject to long delays in the receipt of their merchandise. It is our opinion that this can be covered by commercial letters of credit with the banks of the United States.

The exportation of cattle from Honduras would be a most valuable aid to the country by increasing their export trade about \$1,000,000. At the present time stringent quarantine regulations of the United States prevent this importation, due to the existence of wood tick. Inasmuch as it is felt that the establishment of dipping vats at the point of embarkation would eradicate this evil, it is strongly urged by this committee that this matter be properly brought to the attention of the health authorities of the United States, with a view of aiding the Honduran exporters of cattle.

VII. MERCHANT MARINE AND IMPROVED TRANSPORTATION FACILITIES.

(a) Increased and improved ocean transportation facilities.

1. The present needs in this respect.
2. Statement of shipping facilities now enjoyed.
3. Suggestion as to the best means of securing improved transportation service.
4. What public or private encouragement for improved transportation facilities can be expected from the countries represented at the conference?

(b) Improved postal facilities (including money orders) and parcel post.

The improvement of ocean transportation facilities is of great importance. The only line of steamships at present serving the Pacific coast of Honduras is the Pacific Mail Steamship Co. We believe that the development expected from the completion of the railway to Tegucigalpa will necessitate the provision of better steamship facilities.

The Government of Honduras would give liberal subventions to a company that would obligate itself to send its steamers to Amapala at least every ten days, such a service to extend as far as Balboa on the south and San Francisco on the north.

The internal postal service, including that for money orders and parcels or parcel post, is completely attended to in Honduras, and this postal service has been improved on the south coast route. The mail is carried on motor trucks, for which contracts for the carrying of this mail have been let by the Government.

In conclusion, we beg to emphasize the suggestion already voiced by the Argentine delegation for the establishment of a permanent Pan American board of arbitration. The purpose and power of such

a board must enable it to act with full authority as mediator and final court in the settlement of all commercial disputes that may arise between the citizens of any country and the Government of another, or between citizens of two countries. Adequate executive authority must be provided for the enforcement of the decisions of this board of arbitration. In our judgment nothing will do more to stabilize credits, encourage the investment of foreign capital, and stimulate the desire for cooperation between the Pan American countries than the carrying out of the Argentine proposal.

The undersigned committee unanimously submits this report to the Pan American Financial Conference and recommends that it be referred for further consideration and action to whatever body is created for the purpose of giving effect to the proceedings of this conference.

Respectfully submitted.

LEOPOLDO CÓRDOVA, *Chairman.*

NICARAGUA

NICARAGUA.

GROUP CONFERENCE COMMITTEE REPORT.

HON. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: After careful consideration of the explanation of existing conditions in the Republic of Nicaragua with reference to transportation, banking, indebtedness, and resources, as submitted by the chairman, Dr. Pedro Rafael Cuadra, and fully confirmed by Gen. Emiliano Chamorro, Minister from Nicaragua to the United States, Mr. Clifford D. Ham, Collector General of Customs of Nicaragua, and the Hon. Arthur R. Thompson, a member of the Nicaraguan Mixed Claims Commission, and from other well-informed sources, the committee arrived at the following conclusions, which it desires to submit as its report to the General Conference:

1. That the present Government of the Republic of Nicaragua is stable in character and is being patriotically administered with due regard for the welfare of its citizens and the upbuilding and development of the country, affording at the same time proper protection for life and property and for the investment of outside capital.

2. That the natural resources of Nicaragua are almost unlimited in extent and of the greatest diversity, due to the variety of soil, climate, and altitude. The lands in the various sections are adapted to the cultivation of coffee, cacao, bananas, coconuts, pineapples and citrus fruits, tobacco, sugar, cotton, and rubber, the success of which has been practically demonstrated, but in a crude and limited manner, and which, with adequate transportation facilities, can readily attain increased proportions and find ready markets at home, in adjacent, and in foreign countries.

3. Vast areas are especially adapted to the raising of cattle and other varieties of live stock, being covered throughout the year with natural grasses of remarkably high food value, well watered by perennial streams, and now supporting large herds of cattle, but which industry likewise suffers for transportation and marketing facilities.

4. Nicaragua geologically is analogous to the State of Nevada, and a large portion of the mountainous section is highly mineralized, producing both gold and silver in paying quantities, though operated at this time in the crudest possible manner and under extraordinary difficulties of transportation.

5. An extensive area is heavily wooded with primeval forests of mahogany, cedar, and other valuable hardwoods, pine, and dye-woods, but this industry is so little developed that merchantable

lumber is actually imported into portions of the country from the Gulf ports of the United States. All of these natural resources are suffering primarily from insufficient capital necessary to their proper development and from lack of adequate transportation facilities, both from the interior to the ports and from the ports to the outside markets of the world. The need of additional transportation facilities is emphasized by the fact that inhabitants of the one coast are under the necessity of importing articles from the United States and other countries which are produced by and exported from the other coast, though the two are only separated by a distance of approximately 200 miles. In view of the imperative necessity of improved shipping facilities, more acutely felt in Nicaragua than in most other countries, the transportation committee of this conference is urgently requested to give due consideration to the needs of Nicaragua in this respect in conjunction with similar requirements of the other American Republics.

From all of the foregoing it is evident that the Republic of Nicaragua affords to capital extraordinary opportunities for profitable investment, both upon a large and small scale, and in view of the growing sentiment prevailing in the United States in favor of the cultivation of more intimate commercial and financial relations with all of the Republics of the Western Hemisphere, it is reasonable to expect that such capital can be secured. In this connection the committee has received full information concerning the proposed treaty between the Republic of Nicaragua and the United States, and it believes that the ratification of this treaty will inure to the decided advantage of both countries parties thereto, not only in aiding the development of Nicaragua, but in encouraging the investment of capital therein by insuring a continuation of present stable and peaceful conditions.

Appreciating the desirability of providing additional banking facilities, having American affiliations, not only in Central and South America, but in all of the countries with which we desire to promote more intimate commercial relations, it is recommended that the national banking laws of the United States be so amended as to permit national banks to subscribe to the stock of banks organized to do business in other countries up to a certain limited specified amount, thereby enabling banks, particularly those having less than \$1,000,000 of capital, to become interested in foreign banks.

This committee acknowledges its high appreciation of the natural and potential possibilities of Nicaragua, and recommends most earnestly the prompt and full cooperation of the people of the United States in developing the resources of our sister Republic, lying as it does in close proximity to our Gulf ports and immediately adjacent to the great Panama Canal, to the mutual benefit of the people of both countries.

Respectfully submitted.

PEDRO RAFAEL CUADRA, *Chairman.*

PANAMA

PANAMA.

GROUP CONFERENCE REPORT.

Hon. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: Your committee makes the following suggestions:

1. In regard to the commissaries established in the Canal Zone:

(a) Provide that the coupon books now issued by the Panama Canal or the Panama Railroad Co. to employees and servants of the United States Government or Panama Railroad may be used to purchase commodities from the merchants and manufacturers engaged in business in the Republic of Panama and the Canal Zone and be redeemable in cash at par, when presented by any duly established bank, merchant, or dealer in the Republic of Panama or the Canal Zone.

(b) Abolish the established practice of commissaries owned directly or indirectly by the United States in selling to ships which call at the ports of or pass through the Panama Canal all classes of provisions and supplies, excepting coal, oil, water, cold-storage goods, and other supplies or services not procurable in the Republic of Panama or the Canal Zone: *Provided, however,* That this regulation shall not apply to ships owned by the Government of the United States.

2. In regard to transportation:

(a) Respectfully request that the discriminatory freight rates by sea and land established by the Panama Railroad Co. to the detriment of commercial interests in the Republic of Panama be abolished.

(b) To permit the use of the canal, subject to canal regulations and tolls, to merchant ships or other vessels desiring to use it for transportation purposes between the ports of Panama and Colon.

BANKING.

We earnestly recommend to the Federal Reserve Board to issue an order permitting each of the Federal reserve banks in the Federal Reserve System to open branch banks in North, South, and Central America (outside the United States) whenever the management of the respective Federal reserve banks feel warranted to do so.

SHIPPING FACILITIES.

Recognizing, as we do, that clearer understanding, mutual interest, and better trade can be accomplished only by adequate means of communication, we believe that better shipping facilities between North, Central, and South America should be developed and that any present legal obstacles to this end should be withdrawn.

Believing that the best way to create a market for any commodity is to trade in it, we recommend that this conference strongly urge that all merchants in the United States selling goods in Central or South America quote prices and draw their covering drafts in United States of North America dollars, and that all banks and bankers issuing commercial credits or selling exchange on these countries employ the same medium, so far as practicable.

Respectfully submitted.

ARISTIDES ARJONA, *Chairman.*

PARAGUAY

PARAGUAY.

GROUP CONFERENCE REPORT.

Hon. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: The group committee appointed to consider the financial and commercial conditions in Paraguay begs to make the following report:

The revenues of Paraguay have been considerably diminished by reason of the war and that in consequence thereof the Government has taken stringent measures to reduce its budget by the suspension of divers public improvements and by other economies until more favorable circumstances develop.

In respect to the internal money situation, we understand that the paper money has largely depreciated in value, and the supply of gold is very limited. We believe that the adoption of a uniform money standard for all of the American Republics would result in stabilizing the currency of the different countries and facilitating international banking and commercial transactions.

In respect to the local banking facilities, we believe that the gradual establishment of branches by banks of the United States in southern Republics would strengthen and increase commercial dealings between the United States and the different countries, although at present in Paraguay there may not be sufficient business to justify such branch banks at this time; but the extension of American markets and the establishment of dollar exchange between the Americas can be greatly promoted, in our opinion, by a gradual establishment of adequate banking facilities by the banks of the United States in Central and South American countries.

The steady development of Paraguay's resources requires foreign capital which, at least while the European war continues, is not obtainable in the European money market. It is apparent that judicious investment of United States capital would be a powerful aid to the export of United States products by expanding the wealth and purchasing power of Paraguay.

In the promotion of trade with the southern Republics, the establishment of a system of obtaining information regarding the financial and business standing of the merchants of those countries would be very helpful and soon lead to the extension of suitable credit terms to said merchants. We also believe that the establishment of some system of arbitration of commercial disputes between all of the countries of America would strengthen and increase international trade and mutual understanding, and we are led to believe that Paraguay will be glad to cooperate with the other Central and South American countries and with the United States in bringing about the establishment of such a system.

In respect to merchant marine and improved transportation facilities between the Americas, we believe that this subject overshadows all others in its importance, and it is the sense of this committee that adequate transportation facilities are highly essential in the social and commercial intercourse between the peoples of Paraguay and other American Republics. We hope and believe that the committee on transportation appointed by the honorable chairman of the conference will satisfactorily solve the problem.

From the information received and investigations made we feel Paraguay has great possibilities and that in the future considerable trade might be developed between this country and the United States. It has unlimited mineral, timber, and agricultural resources hardly touched, and the development of these resources in the future will bring about splendid opportunity for the interchange of the products of the United States and this growing country of South America. And we recommend that the members of this group committee from the United States as well as the members from Paraguay use their best efforts in disseminating the information they have received in regard to Paraguay and the United States throughout the various parts of their respective countries looking to increased trade between the United States and Paraguay.

We also wish to express our sincere appreciation of the invitation given by Secretary of the Treasury McAdoo to the business men and bankers of the United States to come in touch with the delegates from the Central and South American countries, looking to the promotion of closer relationships between these countries and the development of our international commerce. We hope and believe that this conference will result in much good to all the countries represented at the conference, and we feel that it will bring about closer friendships and commercial relationships between all the American Republics.

Respectfully submitted.

H. VELÁZQUEZ, *Chairman.*

PERU

PERU.

GROUP CONFERENCE REPORT.

HON. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: The committee having before it the data contained in the memorandum submitted by the Peruvian delegation, took up in order the questions suggested by the Secretary of the Treasury for the consideration of group committees, and begs to submit the following resolutions as a result of its deliberations:

1. *Resolved*, That the Peruvian committee favors the establishment in Peru of branches of American banks which will bring capital into the country to facilitate commerce and industry, without prejudice, however, to the development of closer relations between established local financial institutions in Peru with financial institutions in the United States, which will tend to bring into more intimate and friendly contact the financial interests and sentiments between the respective countries.

2. *Resolved*, That the Peruvian committee recommends such steps on the part of financial interests in the United States as will favor and facilitate the placement of South American loans in the financial markets of the United States.

3. *Resolved*, That the Peruvian committee favors greater uniformity in laws relating to trade and commerce and in customs regulations and more effective protection of trade-marks, and recommends these subjects to the earnest attention of the special committee appointed for the purpose.

4. *Resolved*, That the financial institutions in the United States should adopt the method commonly employed by similar institutions in Europe, more particularly in England and Germany, whereby resources are placed at the disposal of foreign commerce. In the main the European system provides for the discount of long-term bills drawn by manufacturers on the export merchants. This system should extend to drafts of manufacturers on foreign clients and to drafts of the commission merchants on their foreign clients, as well as to drafts of manufacturers, export merchants, and commission merchants made upon the local banks.

5. *Resolved*, That inter-American commerce will be aided by the establishment of bonded warehouses in the several countries, whose receipts or warrants will be accepted by banks as security for loans.

6. *Resolved*, That every effort should be made by financial and commercial interests to establish exchange between the American countries on the dollar basis.

7. *Resolved*, That the Peruvian committee earnestly favor the appointment of an international commission, for the purpose of devising a plan that will effect uniformity in the classification of commodities for custom purposes and to unify, as far as possible, port charges and regulations.

8. *Resolved*, That inasmuch as the subject of a merchant marine and improved transportation facilities has been referred to a special committee of the financial conference, the Peruvian committee deems it sufficient to record its opinions in favor of the large development of transportation facilities between the United States and Peru.

9. *Resolved*, That the Peruvian committee strongly indorses the principle of international commercial arbitration to settle business disputes.

10. *Resolved*, That pure food and drug laws should be adopted by the Pan-American countries, applicable to their exports as well as to local consumption, in order to protect foreign consumer in the same degree as the domestic consumer is protected against impure food and drugs.

The Peruvian committee takes the opportunity to express its appreciation and approval of the motive prompting the calling of the Pan-American Financial Conference, and of the plan adopted of separate group committees to discuss the special needs and conditions of the different countries, which leads to more thorough knowledge of the matter affecting the separate localities, and it believes that similar conferences should be of periodical occurrence.

Respectfully submitted.

ISAAC ALZAMORA, *Chairman*.

SALVADOR

SALVADOR.

GROUP CONFERENCE REPORT.

Hon. WILLIAM G. MCADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: Your committee appointed to consider financial and commercial relations between the Republic of Salvador and the United States begs to present its report. This report is based upon a careful examination of such information as could be secured not only in general committee but in three subcommittees. The committee on banking problems comprised Dr. Alfonso Quiñónez M., Mr. W. S. Rowe, Mr. F. R. Curtiss, and Mr. H. G. P. Deans; that on commerce consisted of Dr. R. Aguilar, Dr. W. P. Wilson, Mr. H. C. McQueen, and Mr. Elliott H. Goodwin; while transportation problems were considered by Dr. José E. Suay, Mr. E. C. Lufkin, Mr. J. H. Ardrey, and Mr. J. F. Nickerson.

The conclusions arrived at in these subcommittees are herein brought together, and it is found that the principal needs of Salvador are:

First. Additional banking capital as well as money for general development; and,

Second. Better steamship and railway facilities.

From information given us we are led to believe that the various other Central American Republics, as well as a number of countries farther south, also require similar banking facilities, if trade relations with the United States are to be developed. This leads to the suggestion that consideration be given to the organization and establishment of a bank with branches in all the different countries interested upon the granting by them of such facilities for business as are fair and desirable. We would suggest that subscriptions to the shares, as well as membership in the directorate, be made permissible to the citizens of all countries in which branches are established, this proposed bank and its branches to have such authority as would enable it to further the commercial, agricultural, and industrial development of the countries, as well as their commercial relations with the United States, and to take care of their short-time credits.

In our opinion, in addition to the foregoing suggestions, these objects would be better accomplished if a separate corporation were to be organized, not for the purpose of receiving deposits, but with power to negotiate for and distribute Government loans and the securities issued by the various municipalities for public improvements and for the furtherance of water and rail communication between various countries. In order to procure the capital, adequate assurances of a permanent policy for the protection of such investments should be forthcoming.

We are convinced that any plan involving the establishment of individual banks in the separate Republics would not be as helpful to the development of trade between those countries as would the establishment of one large bank with branches, which we believe would give the best results.

It is immediately apparent that in this way capital can be transferred from one country to another, to be used at the time when the greatest amount of credit is needed for crop-maturing and crop-moving purposes, and that in this way earning power could be developed much more rapidly.

The handling of the question of rail and water transportation should be undertaken, in the first place, by private capital; but the second corporation, which is referred to above in this report, would doubtless be of great service in the handling and marketing and general distribution of the long-time securities, which would necessarily require a market.

We realize that this broad plan would probably require time in its development; also that it would require the appointment of a preliminary commission which would meet with the leading men of these countries with the idea of securing the necessary legislation in all of them and with the further purpose of agreeing in a general way on such charter provisions for the proposed corporations as would most safely and satisfactorily develop the trade and commerce of all the countries interested.

It is manifest that no general or individual plan for the establishment of a bank or banks can be accomplished without sufficient time for careful and thorough investigation of the different fields. In the meantime if loans are urgently required by any of the various Governments, it follows that these must necessarily be made the subject of individual negotiations with the bankers in the larger cities of the United States.

Better transportation facilities from the interior of Salvador will soon be afforded by railways now under construction which will connect with existing railways and through them with the seaports. These facilities should be still further extended by the construction

of highways, so that the products of the country can more readily reach the points from which they can be exported and so that imports can more cheaply and quickly reach the points of consumption.

Better transportation by sea is greatly needed, so that mails, passengers, and products can more regularly and speedily pass between Salvador and the United States. Such marine transportation will beyond doubt be afforded promptly whenever financial provisions have been perfected which will produce a stimulation of commerce, but pending such stimulation of commerce it is very important that inducements be offered for the maintenance of suitable ocean transportation.

Salvador will gladly give all possible encouragement to the up-building of its transportation facilities, and if commerce between Salvador and the United States is to be developed the United States should, in such manner as may be possible, assist in this, one of the most important needs for the development and prosperity of Salvador.

Finally, the subcommittee on commerce would venture to summarize certain specific conclusions in the following manner:

First. This subcommittee calls attention to the lack of any commercial treaty between Salvador and the United States, and unites in a recommendation to the Governments of both countries that a commercial treaty containing concessions mutually and equally advantageous be negotiated with all possible dispatch.

Second. The committee points to the lack of any chamber of commerce or commercial organization in Salvador, and recommends the establishment of such a body to forward the commerce between the two countries through constant intercourse with chambers of commerce in the United States.

Third. The cooperation of the banking institutions in both countries is earnestly solicited in the establishment of reasonable credits and the prompt furnishing of reliable credit information to those in each country desiring to trade with the other country.

Fourth. In the furtherance of commercial relations between the two countries, the committee emphasizes the advantage of the establishment of a plan for the exchange of students as well as of commercial and agricultural information, to be brought about through either the Governments or the chambers of commerce of the two countries.

Respectfully submitted.

ALFONSO QUIÑÓNEZ M., *Chairman.*

URUGUAY

URUGUAY.

GROUP CONFERENCE REPORT.

Hon. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: The committee has adopted the following resolutions:

I. MARITIME TRANSPORTATION.

Whereas it is absolutely essential to the development of the commercial relations between the American Republics that adequate transportation facilities be promoted:

Resolved, That we favor the passage of laws tending to place the merchant marines of the American Republics on a basis of equality with that of all other countries by removing legal restrictions which may exist or granting direct or indirect subsidies, or both.

II. SYSTEM OF WEIGHTS AND MEASURES.

Weights and measures in the American countries should be uniform. The metrical system should be adopted, and until this has been done prices, invoices, and bills of lading should be made up in metrical unity.

III. COMMUNICATION BY CABLE—HOW TO RENDER IT MORE ECONOMICAL.

It was suggested, and approved with unanimity, to recommend to the telegraphic companies to put their rates on a par with the European rates, that each Government seek to install a wireless system from country to country, and that they take up the question of lowering the tariff rates.

IV. MONETARY UNITY, EXCHANGES, AND ARBITRAGES.

Whereas it is desirable that exchange operations between the American Republics be simplified; that transactions between these countries be based upon a fixed gold standard of value; and that statistics be kept in uniform manner in the various Republics,

Resolved, That we favor the adoption by the American Republics of an international monetary unit.

V. AMERICAN BANKS.

Resolved, That the conference declare that the countries of the American Republics should facilitate the relations of their representative banks for the discount of bills, movement of capital, fostering of trade and financial assistance of public works, and development of the wealth of the American Continent.

VI. COMMERCIAL CREDIT, SALES, AND TIME.

Whereas it is essential to the proper development of commerce between the American Republics that adequate credit terms be granted by North American sellers to South and Central American purchasers; and

Whereas such credit terms can be arranged only through the fullest cooperation on the part of such sellers and purchasers and their respective bankers; and

Whereas it appears that best results can be obtained in many instances through practical cooperation on the part of the bankers of all the countries in the form of a division of the banking duties connected with such credit arrangements, the bankers of the North American seller furnishing the required capital and the bankers of the South and Central American purchaser furnishing the required credit,

Resolved, That this committee make the following recommendations:

(a) That North American banks recommend to their clients the granting of adequate credit terms in connection with the sale of merchandise to South and Central American merchants in all cases where proper information has been given or suitable credit arrangements have been made.

(b) That North American banks discount freely at favorable rates drafts drawn at terms up to six months' sight by their clients covering the exports of merchandise to South and Central America.

(c) That South American and Central American banks explain to their clients the necessity of giving complete financial statements, including a copy of the balance sheet and profit and loss account in all cases where international credit is desired.

(d) That in cases where such complete financial statements are unobtainable or where such statement does not show sufficient strength to warrant the extension of credit by an institution located in a distant country, the South and Central American banks shall open credits in favor of such clients on such terms as will in effect furnish the credit to such clients while the North American bank shall furnish the capital by discounting drafts against such credits.

VII. POSTAL UNION—ADHESION OF THE NORTH AMERICAN COUNTRIES TO THE SOUTH AMERICAN POSTAL UNION IN ORDER TO FACILITATE AND CHEAPEN MAIL SERVICE.

Approved the following resolution and referred to the general committee of the conference.

Mail between the American Republics should be regulated by the prescriptions of the South American Postal Convention held in Montevideo in 1911.

VIII. FACILITIES THROUGH CUSTOMHOUSES AND IN OTHER WAYS FOR COMMERCIAL INTERCHANGE BETWEEN AMERICAN COUNTRIES.

Resolved, That the conference declares there is positive advantage for the American Republics in establishing reciprocal tariff arrangements and if necessary provide other means which would contribute toward securing profitable markets for their excess of production.

IX. INTERCHANGE OF STUDENTS IN THE HIGHER BUSINESS SCHOOLS BETWEEN THE AMERICAN COUNTRIES AND ESTABLISHMENT OF MERCANTILE MUSEUMS IN SUCH SCHOOLS.

Resolved, That the conference strongly advocates the interchange of students and the establishment of a mercantile museum or permanent exposition of Pan American products among the countries of the American Continent.

X. NECESSITY OF DIMINISHING IMPOSTS ON THE NECESSARIES OF LIFE AND INCREASE OF THOSE REFERRING TO OTHER ARTICLES—LAWS FOR PROGRESSIVE TAXES ON INHERITANCES AND ADOPTION OF INTERNATIONAL MEASURES IN ORDER TO OVERCOME FRAUD.

Resolved, That answering the question put by letter D of the fourth division of questions suggested by the Secretary of the Treasury for the consideration of the group committees, the conference considers that it would be advantageous as the basis for a good taxing system to decrease the duties in the American Republics on the primary materials and articles necessary to life, as, for example, food and clothing, etc., substituting them as far as possible with the increase of duties on superfluous articles for life and luxury directly applied or in the form of a State monopoly which will prevent fraud in collecting those taxes. It would also be advisable to legislate with regard to graduated taxes on the inheritance in order to prevent the transmission of capital from one country to another with the purpose of defrauding the collection of such taxes.

The foregoing matter which constitutes one of the topics of the questions suggested by the Secretary of the Treasury for the consideration of the group committees of the conference was considered and unanimously approved.

XI. EFFECTIVE PROTECTION OF TRADE-MARKS, ETC.

Resolved: That, as provided for in the special convention on the subject in the Fourth Pan American Conference, that the most effective enactments for the protection of trade-marks have been declared and been authorized by the American nations and as the said convention has been ratified by several nations, among whom is the United States, the ratification by those that have not heretofore recognized it is hereby recommended.

The principles proclaimed at the South American International Congress of Montevideo (1888) were confirmed in the subsequent Pan American conferences which were held in Washington, Mexico, and Rio de Janeiro, and at the Fourth Pan American Conference of Buenos Aires (1910) and three treaties of the greatest importance were approved: One relative to literary and artistic copyrights, another regarding patents and inventions, drawings and industrial models, and another concerning trade-marks and commercial names for the purpose of guaranteeing the rights of authors, inventors, manufacturers and merchants in all the countries of America, of facilitating the international use of inventions and of trade-marks giving them protection equal to that granted by any of the signatory nations.

In 1909 Uruguay had amended its law of 1877 for the protection of trade-marks and commercial names; had made it conform to the latest modifications accepted by previous European and American international conventions; and had definitely settled several of the most important problems on the ownership of trade-marks, effects of registration, the use of such marks, and the right of nullification in order to prevent violations of accredited marks in use, guarantees for foreign marks, and rights of the owners of the latter even when not registered. The legal procedure of Uruguay to prosecute the usurpers or defrauders is the most efficacious possible.

In the convention signed in the Fourth Pan American Conference of Buenos Aires the principal provisions for the protection of trade-marks and commercial names were established in nineteen articles. The mere reading of that convention, so carefully written, shows that the most adequate measures have been adopted and that what is required is that the ratification of that convention be continued by all the signatory nations.

The United States has ratified this convention, as other countries of America have done.

The first ten articles of the convention mentioned contain everything desirable for the complete protection of trade-marks and commercial names from an international point of view; and if to this we add that the law of Uruguay of 1909 on this matter contains the most advanced and liberal measures, the Uruguayan Delegation

understands that the conference is sufficiently authorized to confirm once more the principles contained in the special convention of Buenos Aires, which, without clashing with the internal legislation of each country, proposed to render uniform, as far as possible, the national enactments in accordance with articles 11 and 13 of said convention, in order that such protection may be efficacious in all the countries forming the Pan American Union.

Respectfully submitted.

PEDRO COSIO, *Chairman.*

VENEZUELA

VENEZUELA.

GROUP CONFERENCE REPORT.

HON. WILLIAM G. McADOO, *Secretary of the Treasury,*
Chairman Pan American Financial Conference.

SIR: The group conference committee, which was intrusted with the examination of the most suitable means of establishing closer commercial and financial relations between the Republic of Venezuela and the people of the United States of America, begs to inform the general conference that it has made a study of existing conditions, and in presenting this report divides it into several sections, treating them in the order of their importance.

MERCHANT MARINE AND IMPROVED OCEAN TRANSPORTATION FACILITIES.

We consider it of the greatest importance for the development of a more extended volume of business and commercial relations between the United States and Venezuela that means of regular communication by steamships of ample tonnage be established. In order to accomplish this it is necessary that every encouragement be given by both the United States and the Venezuela Governments to any enterprise in this direction which may be adopted as a result of this Pan American Conference. These steamers should be built in such manner as to attract not only those interested in commercial affairs but also those of both countries who travel for pleasure. For only by assurance of speed, safety, and comfort can the great tide of travel be diverted from its tendency hitherto in the direction of European countries. Every North American visiting Venezuela and every South American visiting the United States becomes a missionary amongst his countrymen for continuous and increased intercourse, and all these visitors will be the means of promoting not only greater trade relations, but also closer social ties and better understanding in every respect.

We are informed that the present time consumed by steamships of the Red D Line is from nine and one-half to ten days, distance 1,860 miles, and that the accommodations are inferior to those sailing to European ports.

We consider it of the utmost importance that our country, in regard to its communication with South and Central America, be independent of all other countries, and that the development of this direct marine communication shall be free of any political influence, but considered only for the development of the great financial and commercial interests of these countries.

Under normal conditions the volume of foreign trade in a given direction is in direct ratio with the steamship facilities, so states a report of January 16, 1915, of the American minister, the honorable Preston McGoodwin. As an illustration of this he states that from the port of Maracaibo, which is in direct and frequent steamship communication only with the United States, there is sent to that country over 63 per cent of its exports, and in return receives more than 42 per cent of its imports from the United States, notwithstanding the fact that nearly all the greatest commercial houses in that city belong to Europeans.

IMPROVED POSTAL FACILITIES.

The committee begs to call the attention of the general conference to the fact that while a parcel-post convention exists between the United States and Venezuela no money-order service exists. In our opinion, this should be remedied.

SUMMARY OF FOREIGN TRADE OF VENEZUELA.

The summary of the foreign trade for the years 1912-13 and 1913-14 was as follows:

Imports and exports.	1912-13	1913-14
Total imports.....	\$19,667,457	\$17,005,503
Total exports.....	28,776,530	26,323,823
IMPORTS.		
United States.....	7,684,393	6,158,122
United Kingdom.....	4,217,724	4,260,390
Germany.....	3,125,131	2,407,672
Netherlands.....	1,701,602	1,728,243
France.....	1,164,406	1,110,960
Spain.....	880,857	566,858
Italy.....	655,884	535,638
EXPORTS.		
United States.....	9,850,151	8,611,024
France.....	9,092,161	8,430,421
Germany.....	5,150,777	4,162,088
United Kingdom.....	1,836,178	1,862,850
Spain.....	1,329,141	1,272,556
Netherlands.....	784,639	828,888
Italy.....	209,146	185,554

It is evident from these statistics how large a portion of the imports into Venezuela are diverted to other countries outside of the United States, which is its nearest neighbor. In other words, in 1913-14 the imports from the United States were approximately \$6,000,000 as compared to \$10,000,000 from other countries.

THE EXTENSION OF INTER-AMERICAN MARKETS.

In examining the lists of articles imported into Venezuela we find the United States does not lead in the exportation of agricultural implements, bags and baggings, coal, cotton goods and woolen goods, butter, cotton knit goods, hats, malt, and rice. With the unsurpassed resources for the manufacturing of agricultural implements, cotton goods, woolen goods, hats, etc., it is to be regretted that the United States has not had more success in the sale of these articles in Venezuela. The causes for this, however, are manifold, and should be removed by adapting the system of packing merchandise to meet the desires and uses of South American customers. The United States should also send trained representatives to Venezuela and other South American countries, who are thoroughly conversant with the language and familiar with the customs of the people. More sympathetic attention should be given to the reports of these representatives; for in this way each would become more intimately acquainted with the ideas and desires of the other and acquire the knowledge which is so necessary for the extension of trade.

LICENSE TAXES.

Commercial travelers from abroad are not subject to license taxes in Venezuela. Samples are allowed free of duty for a limited time, provided a sufficient security is furnished to guarantee the payment of the regular duties in case reexportation should not take place within a fixed period.

CREDITS.

The questions of credits will be a most important one in the establishment of large commercial relations between the United States and Venezuela. It is hoped by this conference committee that in the course of time a system of dissemination in regard to the commercial practices prevalent in the United States will be brought to the knowledge of merchants in Venezuela, so that a larger volume of credit business may be established between the two countries. The conference understands fully that Venezuela being an agricultural country, the question of credits is an important one, and European countries familiar with these conditions have always been inclined to extend these credits. American merchants will no doubt be pleased to extend large and ample credit relations, provided all facts for passing these credits are freely tendered by those seeking such accommodations. In the opinion of this committee, banks in Venezuela, as well as in the United States, should cooperate in bringing about a full and increased development of commercial credit relations.

INTERNATIONAL ARBITRATION COURTS.

In developing business between Venezuela and the United States there will no doubt at some times be questions of disputes arising between the respective merchants which would require friendly arbitration. The committee therefore looks with favor upon the suggestion made by the Argentine Republic for the establishment of an international arbitration court providing for the settlement of commercial disputes in all the countries of North and South America. This would greatly simplify the methods of business procedure between our respective countries.

DISTRIBUTION OF NEWS THROUGH AMERICAN NEWSPAPERS.

Confidence in South American Republics is growing because of the well-established governments which are now ruling the countries. To build up strong and mutual trade relations it would be very desirable that the newspapers and periodicals of the United States, in the interest of justice to the people of South and Central America as well as to their readers in the United States, confine themselves to well-authenticated news reports rather than to erroneous reports of disturbances, which so frequently appear in news columns and which are more frequently matters of imagination and cause an injurious effect on their mutual cordial relations.

PUBLIC UTILITIES.

It seems that a most promising field for immediate investigation is presented by the public utility companies which furnish electric light and power in the cities of South America.

These companies have been founded on European capital, and their subsequent development and expansion have been carried on usually by issues of bonds placed in Europe. Capital from this source has been practically cut off.

Bonds of this description are usually well protected by being constituted a lien on the property, by statutes limiting to a reasonable amount the issues, and by conservative amortization plans.

A most important consideration in this connection is that the financing of such companies would constitute a very powerful aid to securing the permanent trade in their valuable machinery and supplies of all descriptions for the generation and transmission of electric power and lighting.

This committee is informed that there are two such companies in Venezuela. In the opinion of the committee American capital could be profitably invested in Venezuela to assist in carrying to completion the works which have been recently suspended, and also to undertake new work of this description.

RAILROADS AND PUBLIC IMPROVEMENTS.

The total railroad mileage of Venezuela is in the neighborhood of 500 miles. The opportunities for an extension of a railroad system seem very great, for Venezuela is a rich agricultural country. The area is approximately 400,000 square miles, the population approximately 3,000,000.

It is therefore the opinion of this conference committee that great efforts should be made for the development of the internal communications of this rich agricultural country.

We repeat in closing this argument that we regard it of the utmost importance that steamships be given first consideration in treating with this subject of increased relations. Trade will follow in a large measure increased steamship facilities.

MONETARY SYSTEM OF VENEZUELA IS ESTABLISHED ON SOUND GOLD BASIS.

Paper money not legal tender.—"Neither the legislative nor the executive power nor any authority of the Republic shall issue paper money in any case or under any circumstances whatever, nor declare as legal tender any kind of bank notes nor any value represented on paper, nor allow the importation into Venezuela of any foreign or national currency but that of gold coins." (Handbook of Venezuela, 1904, p. 439.)

The banking facilities required to conduct proper business transactions will in due course of time, without doubt, be sufficiently furnished by the bankers of both countries.

THE NATIONAL DEBT.

The conference committee has heard with great pleasure from the representative from Venezuela as to the good condition of the country in regard to its national debt, which is as follows at the latest date.¹

Debt:	Bolivars. ²
Internal-----	60,244,565.89
External-----	110,987,296.77
Summary of public debt:	
Internal debt—	
National consolidated internal debt, 6 per cent-----	40,199.59
National consolidated internal debt, 3 per cent-----	59,075,925.22
National consolidated internal debt, no interest-----	1,128,441.08
	60,244,565.89
External debt—	
Diplomatic debt, 3 per cent-----	101,267,650.00
Diplomatic conventions debt, amortizable, 3 per cent---	3,986,156.51
Diplomatic conventions debt, not amortizable, 3 per cent--	5,733,490.26
	110,987,296.77

¹ Statement brought up to March 19, 1915.

² Bolivar=\$0.193 gold.

Statement taken from report of Sr. Román Cárdenas, Minister of Finance, made April 19, 1915.

The conference committee also hears with great pleasure from the representatives from the Venezuela Government that all interest on the debt of the country has been promptly paid during the trying times of the war period through which we are passing. This is a very gratifying evidence of the financial stability of the country.

The committee refers with particular pleasure to the assistance given it by the representatives of the Republic of Venezuela, and to the various reports which the representatives have handed it, giving full details as to the exports and imports of the Republic of Venezuela. These were particularly useful to it in the preparation of this report.

Respectfully submitted.

PEDRO RAFAEL RINCONES, *Chairman.*

BANQUET TENDERED TO THE DELEGATES TO THE PAN AMERICAN FINANCIAL CONFERENCE BY THE SECRETARY OF THE TREASURY OF THE UNITED STATES ❧ ❧ ❧

HALL OF THE AMERICAS, PAN AMERICAN BUILDING
MAY 29, 1915

PROCEEDINGS AT THE BANQUET TENDERED TO THE DELEGATES.

The delegates assembled in the banquet hall in the Pan American Building at eight o'clock p. m.

At the hour of ten the Honorable William G. McAdoo, Secretary of the Treasury, rose and said:

Gentlemen, I want to ask you to drink to the health of the Presidents of the Republics of South and Central America, individually and collectively. In proposing that toast I hope it typifies the spirit which I think animates this great gathering—one for all and all for one [applause]—the spirit that I hope will animate the Republics of South and Central America and the United States of America in their dealings with one another. [Applause.]

The delegates rose and drank the toast proposed.

Ambassador DOMICIO DA GAMA (Brazil) rose, amid applause.

Ambassador DA GAMA. Gentlemen, you are right in applauding me, because I am simply rising to drink, and to invite you to drink with me, to the President of the United States of America. [Applause.]

Secretary McAdoo. Gentlemen, I am going to ask the Secretary of State of the United States to respond to the toast "The Presidents of the South and Central American Republics." The Secretary of State. [Applause.]

RESPONSE OF THE SECRETARY OF STATE THE HONORABLE WILLIAM JENNINGS BRYAN TO THE TOAST, "THE PRESIDENTS OF THE SOUTH AND CENTRAL AMERICAN REPUBLICS."

MR. SECRETARY, EXCELLENCIES, AND GENTLEMEN:

You have been so generous in the amount of time that you have allowed to me during these conferences that it requires the command of the Secretary of the Treasury to bring me before you again. He could not, however, have given me a subject more agreeable to my feelings than that which he has assigned to me. You were welcomed by the President of the United States—the one who speaks for all the people—and I am sure that among the many addresses of welcome he has delivered, he never spoke more sincerely or cordially than when he greeted you upon the day of your arrival. I am near enough to him to know with what deep and constant sympathy he

has considered all the questions which have come before him in connection with the interests of our sister Republics. He spoke to you from his heart, and I assure you that all that is dear to you is dear to him, to those associated with him, and to the people for whom he speaks.

It is my good fortune to know the Latin American Republics quite intimately. I have the honor to be acquainted with the Presidents of some of these Republics and others have given me reason to have a high opinion of their wisdom because of the men whom they have selected to represent them at Washington. No part of my duty as Secretary of State has been more congenial or given me greater pleasure than that of associating intimately with the ambassadors and ministers who represent the Republics of South and Central America.

We have had a recent evidence of the good judgment of your chief executives in the character of the delegates selected for this meeting. You came into our confidence through the credentials which you brought from your Governments; you return carrying with you our esteem and affection; you have won us by your own merit and by the intelligent interest which you have taken in the questions which concern Pan America. [Applause.]

It is not proper at this hour that anyone, I, least of all, should occupy much of your time, but I shall speak long enough to violate one rule of oratory, namely, the one which limits the speaker to one subject, compels him to discuss it thoroughly, and then stop. I shall violate the first part of the rule by taking two subjects, and the second part of the rule by not discussing either thoroughly. I hope to observe the last part of the rule by stopping when I am through. [Laughter.] The first thought which I desire to submit was suggested by an experience which I had when, five years ago, I made a trip to South America. At Sao Paulo, Brazil, the second city of the Republic, I visited a normal school which was established, and is still conducted, according to plans taken by an American woman from New York. I was welcomed by one of the professors, who addressed me in my own language, and welcomed again by a student, who likewise used the only language with which I am familiar; and then, when the program was over, the entire school arose and sang in English—

My country, 'tis of thee,
Sweet land of liberty,
Of thee I sing.

I still feel the thrill of that moment, and it suggests to my mind the thought which I submit for your consideration. Why not make the air of that song a Pan American air, each country using its own

language and words of its own selection? Then, on such occasions as these, we can sing together, all joining in the tune, but each using the familiar language of his own national hymn. If the suggestion is worthy of consideration, I am sure that poets will be found in each country to carry out the idea. [Applause.]

The second thought will not, I am sure, be out of place here; it is the value of the acquaintances which have been formed here. In the last prayer of the Savior you will find an explanation of error which is, I fear, too often overlooked. His plea was "Father, forgive them, for they *know not what they do*." Ignorance is the fruitful source of sin in the individual; it is the common cause of misunderstandings between nations. [Applause.] Our coming together on such occasions as these enables us to know each other better, and when we know each other we understand that the mistakes that are made are not of the heart but of the head, and we are all conscious enough of the frailty of the human intellect to be charitable toward each other if assured that the supposed wrong was not really intended. This conference, with the acquaintances formed and the friendships begun, will make misunderstandings less frequent and the amicable settlement of them more certain, if by any misfortune misunderstandings do arise. This is only the beginning of these conferences; the success of this one insures future gatherings, and no one can foretell the benefits which will flow from them.

And now let me ask you to carry back to the Presidents, whose representatives you are, assurances of our respect and esteem; say to them that we recognize that, inspired by the same lofty purposes and acting in conformity with the same principles of government, they, like our officials, are seeking to advance the welfare of the countries for which they speak. I join you in the hope that the rivalries of the future will be those honorable rivalries which are a blessing to those who participate in them, each endeavoring to excell in the contributions made to the welfare of all. Thus may we assist each other and live up to the opportunities and responsibilities of neighborhood—"What God hath joined together, let no man put asunder." [Loud and continued applause.]

Secretary McAdoo. Gentlemen, the dean of the diplomatic corps of South and Central America, Ambassador Da Gama, has been good enough to agree to respond to the toast "The President of the United States." I now have the honor of introducing him.

The members of the banquet party rose and applauded.

RESPONSE OF AMBASSADOR DA GAMA TO THE TOAST "THE PRESIDENT OF THE UNITED STATES."

MR. SECRETARY AND GENTLEMEN: On behalf of my colleagues of the Latin American diplomatic corps in Washington, I congratulate you on the success of the Financial Conference. To be sure, we all anticipated the success, considering the excellence of the delegations that our Governments sent to this country and the high professional ability of the experts on financial, industrial, and commercial subjects invited by the Government of the United States to discuss matters of common interest. There was every probability that good would result from the joint action of those wise, practical men in devising means of attaining their common interests—our common interests—but we also considered that five days were insufficient for that getting together which is essential to the success of a conference of this kind. The greater and the more grateful is our surprise on seeing that the five days of the last week of May were sufficient to lay the foundation for an international structure of such magnitude. This is only a start, only a beginning—the start in the movement whose end we can not guess. It has already created great hopes and aroused keen interest among our people.

To you, Mr. Secretary, is due the honor for having conceived the happy idea of this Conference. Honor be to the United States and to the American citizens who have been working with you to further this idea and to give it concrete shape.

This is the toast to the President of the United States. This is the toast to the American people. [Applause.]

The banquet guests drank to the toast.

Secretary McAdoo. In the limited time at our disposal to-night we have been compelled to curtail the list of speakers. We were very anxious to have a representative of our distinguished guests speak for them and a member from the United States speak on their behalf. The question was how to choose these gentlemen. We finally determined to leave it to our foreign guests to say who should represent them, and I autocratically selected somebody to represent the gentlemen from the United States. It was a most interesting result, because I have found that with absolute unanimity our foreign guests selected that eloquent gentleman from Colombia who charmed this great Conference the other day with an inspired effort. It gives me the greatest pleasure, gentlemen, to again introduce to you the Honorable Santiago Pérez Triana. [Applause.]

RESPONSE ON BEHALF OF THE LATIN-AMERICAN DELEGATES
BY DR. SANTIAGO PÉREZ TRIANA.

MR. SECRETARY, YOUR EXCELLENCIES, AND GENTLEMEN :

The Latin American delegates have done me the high honor of asking me to speak in their behalf. I am deeply thankful for the distinguished honor. At the same time I realize the burden that has been placed upon my shoulders, and I bespeak from the Latin American delegates who have accepted that responsibility, from the representatives of the United States, and from the illustrious gathering here the full measure of kindness and forbearance. We, the Latin American delegates, on behalf of our peoples and our Governments, express our warmest thanks. We are thankful to the Government of the United States for having invited us to this most important Conference, and we are also personally thankful for the solicitous and untiring courtesy which we have met at every step since we landed on this shore, and which seems to constitute, as it were, the national atmosphere.

We must express our thanks, also, to the Pan American Union and to its worthy officers, who have done so much for us in these days. It has been only a continuation of what they have been doing for our countries in the past. We must express our sincerest thanks to the illustrious Secretary of the Treasury—and here I am going to utter a wish which I hope, in fact which I know, all my fellow delegates will echo, and I wish that if they do so, as I know they will, they will say aye, and that is that Secretary McAdoo should come as a guest of our Republics as soon as he can. [Cries of “aye,” “aye,” “aye,” and applause.]

I want to say, on behalf of the delegates whom I represent here, we fully realize the transcendent aims of the Conference, and that no effort will be spared by our Governments, by our peoples, or by ourselves to further those ends.

And, finally, I want to express my thanks to the Cabinet and to President Wilson, whom we all consider one of the noblest citizens of mankind [applause and cheers]—a man, a seer, who can see the truths of righteousness and can embody them in national policies. [Loud applause.]

It behooves us before parting to realize the full significance of our endeavors during the past few days. The acts of men, when taken singly and isolated, are necessarily meager, incomplete, and limited. In the course of life they may acquire greatness, they may attain sublimity, and at times a higher essence, as of sanctity.

Look at that one quarrying the stone in the rock-ribbed hills or at him felling the rugged trunks in the somber forest. They are simply

humble toilers of the passing day. Follow the rock and the trunk and see them embodied in arches or in columns or in the walls of a mighty structure, serene and beautiful, a beacon of hope of enduring centuries. Those humble toilers become the joint artificers of the glowing consummation. We should look at the work that we have been trying to perform in the light of the aim that has guided us, and we need not fear the analysis. Our objective is that the continents of America should be the home of justice and of liberty. [Applause.] Our objective is that there should be no break in continuity from latitude to latitude, from one country to the other, and that in the uniformity and unanimity of that endeavor should reside the guarantee of its continuance and the safeguard against the eternal menace of extraneous force. How far this Conference has worked in that direction time will tell; but this we know, that it has brought its share to the permanent structure and that it has paved the way for the future.

The generations of the past did not shirk their burdens. Theirs it was to explore and to dominate the continent which loomed before them, from conquerors, from obstacles mysterious and menacing, in all the possibilities of the unknown. Theirs it was to evolve a new life, in a new land, of the elements of tradition and of training—as it were, the old alloy in a new crucible, with new ingredients added. Theirs it was at a later period to sever the connection with the parent lands. This was more than a political separation; it was a manifestation of the fundamental incompatibility that exists between the old life and the new. At every stage of their development they faced manfully the call of destiny, and in the hour of travail, when they were put to the test of violence against overwhelming odds for their emancipation, from the first impetus in 1775 in the north to the last stricken field in 1824 in the south they were never found wanting. And the deeds of their history live in the memory of the present generation, and the calendar of their heroes—Washington, Bolivar, O'Higgins—and the myriads of their glorious companions, are the symbol of patriotism and are handed from man to man, from generation to generation. [Applause.]

After their independence came the period of reconstruction. Each had its own vital and intricate problem. In many parts gory violence again reasserted itself, as if it were ordained that humanity should not take a step forward in the path of progress without bloodshed. If in the southern section the era of strife lasted well-nigh for three-fourths of a century, the one great conflagration in the North gathered in four tragic years of sorrow and bloodshed all that was needed and required to vindicate for this Nation its name as the land of the free. [Applause.]

And thus we have reached our day. Listen well, ye Americans of all sections of this hemisphere. Look well to it and see where your duty lies, and try to perform it as your forefathers performed theirs, for you have a weight of great importance and of glory upon your shoulders which is not only an incomparable boon, but which also entails sacred obligations.

It is a current idea, one of the many truisms that are false, that history repeats itself; nations grow, expand, and reach a glorious maturity and decay and disappear. Babylon and Egypt, Greece and Rome, and all the empires of the later day are used to confirm this dictum. Yet it is our privilege for the men of this continent and this generation to give the lie to the accepted dictum of history. We are laboring in the light of a sun that knows no setting. The free republics of this continent will form in a cluster an empire without an emperor. The empires of the past carried in them from their birth the germ of perdition, for there was inequality and there was oppression, and inequality kills the nation as a deadly poison kills the man. Our nations are free, and they shall live wedded to liberty so long as they remain loyal and faithful to the principles of democracy inscribed on the threshold of their history, and so long as they remember that eternal vigilance is the price of liberty. [Applause.]

And here, for all can not be roseate—and he would not be the real friend of mankind who solely pointed to the dawn, forgetting that there is darkness to prepare for—here, I say, let me remind you again, fellow Americans, of two fundamental sources of danger which we must watch so as to avoid. Two dangers that might menace our continent are the excess of power, running to predatory imperialism, and abuse of sovereignty. Imperialism grows apace with the consciousness of power. It is sporadic and it may grow in any part of our continent. Do not listen to its counsels and avoid it, for therein lies the death of liberty. [Applause.]

Sovereignty entails, in the very conditions of its being, moral obligations. When those moral obligations are forgotten, set aside, and trampled under foot, the claim of sovereignty can no longer exist.

Apropos of this, permit me to remind you of a page of Flaubert in his *Salambo*. In the innermost sanctuary of the temple there stood the statue of the goddess Danite. She was enveloped in a mantle of golden tissue, radiant with costly stones. It was a deadly sin to set eyes upon the mantle, and to touch it meant instant death. A soldier in the army that lay besieging the city at the time of the narrative penetrated into the sanctuary, seized the veil, cast it over his shoulder, and walked unharmed through the terrified and helpless multitude, protected by the investiture which had thus become a cloak of crime.

The mantle of liberty that should protect the whole continent, the

mantle of liberty that should insure each and every sovereignty, should never be a cloak of immunity for misery and crime. It will be asked what lessons are to be learned, what are we to do? I say, "Look, and ye shall find," and you will reply it is not stated what is to be done in the rules that have been accepted; but I tell you that no human rule can measure all of the possibilities of the future. But when such an occasion shall arise, seek and you shall find.

Let us achieve prosperity and health, for in material prosperity there is health, even as it happens that the healthy body houses the healthy mind. In material comfort you will find the development of moral ideals. But of all things let that be the highest aim of our endeavors; let us keep in touch with the treasure of our moral ideals, and let us see that those ideas and the ideals which incarnate them become each day more comprehensive and more charitable. And let us remember that the suppression of moral ideals would plunge humanity into darkness, but that if we were to destroy whatever the hand of man has created, churches and railroads and viaducts, and the magnificent works of art and of commerce, and all the properties of this stage of human life, and were yet to leave the human conscience in possession of its treasure of moral principles, we might still dwell in the assurance that prosperity would return and humanity would see, as it were, a new springtime, the blossoming of happiness. [Applause.]

I believe that we must steer our course by these bright stars of hope—that that is the gospel we must preach to all nations, and that in this respect, at least, I may have managed to interpret the feelings of my fellow delegates.

Fellow Americans, we leave you comforted and fortified. In the great task that lies before us we know that you will do your share, and you may rely upon it that we of the southern Republics will do ours in full earnestness and sincerity of purpose, and may God be with all of us. [Great and prolonged applause.]

Secretary McADOO. Gentlemen, I now desire to introduce to you a great international lawyer and a distinguished citizen who will speak for the United States, the Honorable John Bassett Moore.

RESPONSE ON BEHALF OF THE UNITED STATES REPRESENTATIVES BY THE HON. JOHN BASSETT MOORE.

MR. SECRETARY AND GENTLEMEN:

A very grateful task has been committed to me this evening in undertaking to express the sentiment of the American representatives in this Conference. In performing its function I may be permitted briefly to trace the development of the idea of Pan Americanism.

It is just one hundred years ago that Bolivar, who was then living in exile and poverty in Kingston, Jamaica, wrote the celebrated prophetic letter in which he undertook to foreshadow the future of the countries of America then struggling for independence and liberty. Their future was then uncertain. They were passing through trials and tribulations the result of which no man certainly could foresee; but with prophetic vision he undertook to predict the triumph of the cause in which they were then engaged. Five years later a great statesman of this country, Henry Clay, who had been a warm advocate of the cause of the Spanish-American colonies, proposed the formation of an American human-freedom league. The league which he proposed was based not so much on the idea of material interest as upon the idea of a solidarity of American interest, resting upon an identity of fundamental political principles. It was not so much the idea of force as it was the idea of the triumph of moral influences, the power of example, the power of ideas, of great thoughts that appealed to the common sentiments of the peoples of America. In 1822 there came the recognition of the independence of the various American countries by the Government of the United States. This recognition had scarcely been given when their independence was threatened by a combination of the European powers for the restoration of those countries to a colonial condition. It was then that the great American statesman, James Monroe [applause], framed the doctrine which has since become one of the fundamental principles—indeed, it may be said the chart and the guide of those American countries. As is well known, what is commonly called the Monroe Doctrine was formulated by John Quincy Adams, who was then Monroe's Secretary of State. In his musings on this subject Adams's thoughts took this direction. He said that the American countries as independent nations had the right to dispose of their own destiny. We had no right to dispose of it; Europeans had no right to dispose of it. They alone possessed the right to say what their future should be; and, as an eloquent Argentine orator several years ago at the Fourth International Congress expressed it, it was then that these countries which had won their independence by their own efforts and sealed their liberties with their blood had thrown about them the shield of the protection of the United States. [Applause.]

The term "Monroe Doctrine" has not always been a phrase with which to conjure. There have been different and variant interpretations of that doctrine, sometimes not always agreeable to our brethren; but in this original sense of mutual cooperation, in the maintenance of the independent countries of America devoted to the cause of liberty, there has never been any diversity of sentiment among the American countries.

It was my good fortune only three years ago to attend, as the delegate from the United States, the first of what is called the International Commission of Jurists to codify international law for the American countries, and the building in which we held our sessions was that beautiful structure called the Monroe Palace, situated on the magnificent harbor of Rio de Janeiro.

In 1826 there came the Pan American Congress, which was suggested by the author of the prophetic letter to which I referred a moment ago—Bolívar. The Government of the United States appointed delegates to that Congress; but as the result of a difference of opinion in our national councils as to what the attitude of the United States should be or as to the extent to which it should interfere in the affairs of other countries the American delegates were late in arriving, and, as a matter of fact, the Congress had adjourned when they reached Panama. But the idea embodied in the proposal of Bolívar, which resulted in that Congress, was destined not to perish. It was expected after the Panama Congress was held that another international American congress would take place at Tacubaya, in Mexico. For certain reasons, in which it is unnecessary now to enter, that congress was not held. From that time on for a number of years the idea of Pan Americanism, of Pan American ideals, and Pan American sympathies underwent an eclipse. This fact was due to certain conditions that existed in this country, also to conditions of domestic disorder which prevailed in the countries of Latin America.

A great American historian has described the earlier days of the history of the United States as being the critical period of American history. These countries, the Latin American States, also were required to pass through the critical period of their history; but during this time, unfortunately, because of conditions here as well as there, they seemed to drift apart until they had reached a condition which was described in a story told of a certain island, celebrated in poetry and in song, where dissension was prevalent and discord seemed to reign. A foreigner, speaking to a native of this island, on a certain occasion said, "Why is it that you have so many discords?" "Well," he replied, "there are Protestants in the north and there are Catholics in the south, and they are always wrangling. If the inhabitants were all agnostics, they would live together like Christians." [Laughter and applause.]

Gentlemen, that story denotes the condition in which people are prone to dwell upon their differences and not upon the qualities which may tend to bring them together. In other words, they dwell upon their defects rather than upon their virtues. But a great change was destined to come. The civil conflict which raged in this country from 1861 to 1865 taught our people that there was no

nation that was exempt from the possibilities of civil disturbance. Humility is the gateway to knowledge. Our own misfortunes have made us more sympathetic with the misfortunes of others. It produced here a radical change in our attitude toward our brethren of the other countries of America, and from that time there have been manifest a sympathy and a toleration and a desire for cooperation which had not existed before. One of the first signs of that change of attitude was the peace conference held in Washington in 1870 to bring about peace between Spain and the countries on the west coast of South America with which she had been at war. That conference was presided over by a great Secretary of State—Hamilton Fish—and resulted in the conclusion of what was called a perpetual armistice, under which the conflict was brought to an end.

Without tracing step by step the development of this later and better policy, I may refer to the assembling in this city of the first International American Conference in 1889. I suppose it is one of the signs of advancing age to indulge in reminiscence. It was my good fortune to be present at the meeting of the first International American Conference in 1889 and from time to time to contribute to its labors. Without entering minutely into the results of that conference I will refer to just two things that were accomplished. The first was the formation of the Pan American Union. We meet here this evening in this magnificent building which stands as a monument to the initiators of the first International American Congress. It represents also the consummation of the thought to the promotion of which they dedicated their efforts. Another act of that conference was the adoption of a plan of arbitration. This plan was in advance of its time, and for that reason failed to receive the approval of the governments concerned and never was carried into effect. But it has stood before the peoples of the Americas from that time to this as an ideal and an inspiration, and a long step toward its complete fulfillment has been taken in the making of these peace agreements which have been initiated and carried out by our Secretary of State who is with us this evening. [Applause.]

More than that, at this very Conference in which we have been taking part there has been adopted with unanimity the proposal to apply the principle of arbitration to the adjustment of commercial disputes. [Applause.]

There has been a great deal said from time to time as to the possibilities of Pan Americanism, and as to how far it was a matter of substance, and how far it was a matter purely of sentiment. Now, for my part, I do not draw any sharp line of demarcation between matters of substance and matters of sentiment, because I believe that history teaches us that the one is as important as the other. But there

existed in the development of the material side of Pan Americanism in former times certain serious obstacles in the United States. The failure to carry out certain Pan American plans was not due so much to any disinclination to advance the cause of Pan Americanism as it was to the existence of certain conditions that form an obstacle to that development. One of those conditions was that the United States down to a very recent time was largely a borrowing nation. It has not been so very many years since the majority of the stock of one of our large eastern railway systems was owned abroad, and a very considerable minority interest in another great eastern railway system was likewise owned abroad. I may refer to the Foreign Relations of the United States, that most authentic publication, as authority for my statement.

But those conditions have changed. Little by little we have ceased to be a borrowing nation on so large a scale; until within the past few days the governor of the board of our reserve system has just lifted a little of the veil and disclosed the enormous accumulation of capital reserves in the United States. Another obstacle was this: Our people were much occupied, you may say almost exclusively occupied, in the development and enjoyment of the great domestic market which we had here at home, in which they conducted business at a larger profit and with less credit than they could conduct it with a foreign nation. That, too, has changed the development of our industries and has created a great surplus for exportation. That was foreseen some years ago in the effort to dispose of our surplus products by means of reciprocity treaties. So that we have come now into a situation where, as a result of changed conditions, we take a more active interest and can take a more effective interest in the development of foreign commerce and in the extension to other nations of the aid of our financial resources. It is sometimes said that commerce is war. Gentlemen, I must repudiate the theory that the consumption of products is to be increased by the killing off of the consumer. It is a wholly erroneous idea that commerce is to be conducted on the lines of hostility. That thought may have done very well in the days of colonial monopoly, which continued down through the first third of the last century, but in the present age commerce should be regarded not as a matter of warfare but as a matter of mutual exchange of benefits. Commerce consists in the exchange of commodities. A produces enough for himself and a surplus. He wishes to dispose of that surplus to his neighbor. He creates enough of a certain article for himself and has a surplus. He wishes to dispose of that to his neighbor. Now in that exchange there is mutual benefit. There is no injury involved. So that we

have reason above the old conception that commerce is to be conducted on the lines of warfare, to the higher and nobler conception that commerce is to be regarded as a transaction which is essentially the exchange of mutual benefits. The idea for which we stand to-day, and for which I may say the American delegation in this Conference stands to-day, is that our commercial relations, that the great design of our commercial relations, is the establishment of a condition of mutual prosperity, of mutual content, or mutual justice between man and man and between nation and nation. [Applause.]

Our hope and our aspiration is that these exchanges which we desire to promote and facilitate shall result in the establishment of a condition of good fellowship. An illustrious traveler, a good friend of this country and of the other countries of America also, in a work published a year or two ago, said that there seemed to be something misleading in the use of the word "American." His idea was that the use of this term had led us to assume that there existed an identity of interests which really did not exist.

Now, this idea of America being not simply a geographical term but a term representing a community of interests, has existed so long, that there is a fair presumption that it is not a term that misleads us, but a term that is thoroughly and persistently leading us in the right direction. [Applause.]

The word "America," beginning in the early part of the last century during the struggles of our neighbors for independence, represented the idea of the community of political interests in which, as Henry Clay said, we would be regarded as standing together for the establishment of the human freedom league; and this idea has now advanced, until to-day we are undertaking to establish a community of interests with regard to all our activities. The great significance of this Conference, called by the Secretary of the Treasury, lies in the fact that it represents the last page in this development.

Identity of political interests we have and have had for many years. We now proceed to make the circuit complete by establishing the identity of our material interests on the broad basis of justice, contentment, and good fellowship. This is what the word "America" stands for; this is what we want to make the word "America" continue to stand for; and in saying this I affirm with all confidence that I speak for the hopes and the aspiration of the American delegation to this Conference. [Loud applause.]

Secretary McAdoo. Gentlemen, in your generosity you have accorded to me praise that I do not deserve. I make the confession because the secret service is located in the Treasury Department, and they might discover the truth and turn upon me.

There are two men here who deserve the greatest possible praise for the success of this Conference, and I want to ask them to say a word to you. These men are the Honorable Andrew J. Peters, Assistant Secretary of the Treasury [applause], and Dr. L. S. Rowe, your efficient Secretary-General. [Applause.]

I do not find words to express the loyalty, faithfulness and devotion which these two gentlemen have brought to bear upon the task which has been committed to them.

I shall now ask Mr. Peters if he will not say a few words to the audience. [Applause.]

SPEECH OF HON. ANDREW J. PETERS, ASSISTANT SECRETARY OF THE TREASURY.

MR. SECRETARY, FELLOW CITIZENS OF THIS GREAT HEMISPHERE, AND GENTLEMEN :

We are here to-night at the close of this Conference to have one last meeting together, then to separate to our homes. I appreciate the opportunity which the Secretary is giving me to say a few words to you and to tell you what a pleasure it has been to be associated with this Conference.

The members of the Conference have one and all met in a spirit of cooperation and of interest toward a common end. There has been no seeking for individual ends, but the Conference has distinguished itself by a spirit of intense cooperation, each striving with the others to help accomplish the common object of our meeting.

In past years there has been a woeful lack of understanding in this country as to the great undeveloped resources in the sister Republics. With our vast country, which has needed the efforts of our citizens, we have devoted almost all of our energies toward the development of our own country and have given but little thought or attention to the situation in our neighboring Republics. To-day we find in the United States a broader, more liberal, and wider view and a greater interest. [Applause.]

Lack of knowledge breeds suspicion and jealousy. A better knowledge and a better understanding is the surest foundation upon which mutual advantage and mutual fellowship can be based. I do not believe our meeting to-night is the end; I do not believe what we have all seen accomplished this week is the completion of this Conference. We are not at the end; we are at the beginning, and I predict that we will see spring from this Conference a permanent organization, strong in its ideals, firm in its purposes, which will tend to develop and bring together the people in these sister Republics of the Western Hemisphere, so that as each year goes by there will be a better and a truer understanding of our people and a better and a truer cooperation between their citizens. [Applause.]

This desire for a clearer understanding is not a selfish thing. We do not mean by our relations with our neighbors that they should be used for exploitation. The only true advantage of commerce is a mutual benefit and exchange of commodities to the profit both of the seller and of the purchaser. One nation can not sell unless it buys from its customer in return, and it is to promote these objects, it is to promote the commerce between these Republics of the hemisphere of the west that we are meeting here at this time.

Mr. Secretary, it has been a great pleasure, indeed, to serve under your interest and direction in this work. Each day we have had the opportunity of learning much of the views and of the interests of our neighbors. Each time that we have met I believe that everyone obtained a better and more complete understanding of the conditions of the respective countries.

When I was first sent for by the Secretary, who at that time was suffering from a severe illness, he told me to take charge of the proceedings and to see what our guests wished and then supply it. And if you have found that our hospitality, which we have extended with so much pleasure, has been in any way wanting, the blame rests with me [applause], because I was selected to make every effort for your comfort while you were here. In carrying out the arrangements for this Conference we all owe a great debt of gratitude to one of our friends who is here to-night—to Dr. Rowe—whose interest, whose unselfish efforts, and whose time and thoughts have been given wholeheartedly to the work here, and I now, sir, convey to you the feelings of everyone in this hall when I say we are deeply grateful to you. [Applause.]

To Mr. Sands, to Mr. Miles, to Mr. Gittings, to Mr. Parker, and to Mr. Heinl, who each and every one of them have given unstinted measure of their efforts to the arrangements, we owe a great debt of thanks, and whatever success has been accomplished in carrying out the program of your entertainment is due to their devotion and to their interest each day.

It would be a lack of courtesy for me to take advantage of my present position to trespass on your time; but I wish to say to you, sirs, to you delegates from our sister Republics, that you have done us an inestimable favor by coming here; you have obtained our point of view, and you have given us a basis for a clearer and more accurate and friendly understanding of all problems which we face. In giving up your time, in making the long and in many cases the tiresome journey to this country, you have performed a public service for which the citizens of both continents of America should be grateful. And to you, gentlemen, to you American guests here, business men whose lives are full of interest which you have put aside

to come here to this Conference, we owe a debt of gratitude also. A nation can not progress unless it possesses the interest and the patriotism of its people. To make this Conference a success, to make it the foundation for the future on which we believe it rests, we must have the interest and cooperation of American citizens. You have done a patriotic service by coming here, and no matter how great your measure of sacrifice you can feel that you have added something of benefit by attending and giving us your work and serving this week with us here in Washington. [Applause.]

For myself, if I may add a word, it has been a week of infinite interest and of great pleasure. It has formed friendships which I, for my part, believe will always exist. We have met you, strangers to our shores, and established ties which will forever bind us together and which will forever in our minds bind your countries to the United States.

I believe that this Conference has accomplished much, and I think that when we separate we can go with the consciousness that in meeting together here, knowing and consulting one another, we have taken a step forward which will inure to the benefit of many peoples, and to the health, happiness, and contentment in the national lives of all dwellers in all of the Republics of the Western Hemisphere. [Prolonged applause.]

Secretary McADOO. Gentlemen, I now have the great pleasure of introducing to you Dr. Leo S. Rowe, the Secretary-General of the Conference. [Applause.]

SPEECH OF DR. LEO S. ROWE.

(Dr. Rowe spoke in Spanish as follows:)

MR. SECRETARY AND GENTLEMEN OF THE CONFERENCE: Permit me first to express my warm appreciation to all the delegates for the hearty and enthusiastic cooperation that they have given me in the work of this Conference. It has been my good fortune to attend a number of international congresses, but I know of none in which each and every delegate has been imbued with so deep a sense of public obligation and so high a concept of the important mission which he has been called upon to perform. For your generous indulgence and in overlooking any shortcomings in the conduct of the Secretary-General's office, you have my deep and heartfelt thanks.

These have been happy days for me, in some respects the happiest of my life, for I have had the feeling, as never before, that we are at the beginning of a new epoch in the international relations of the American continents. I begin to see coming to full fruition a new

concept of international relations, one built upon the idea of cooperation and mutual benefit rather than of rivalry and jealousy.

Important as have been the questions presented to this Conference, I can not help but feel that its significance is far deeper than the questions included in the program. It is an inspiring spectacle that may well arouse the enthusiasm of every patriotic citizen to realize that at a time when hatreds and antagonisms are dominating so great a part of the western world, the Republics of America assemble in a spirit of mutual helpfulness to take counsel of one another and to devise ways and means through which they can promote the spirit of union and cooperation.

Viewed from the broadest possible standpoint, it means that the great mission of the Republics of the American hemisphere is coming to full fruition. We may well rejoice at this great privilege of giving to the world at a critical moment an example of international solidarity. A new note has been struck in international relations, which can not help but resound throughout the civilized world.

I am free to confess that my enthusiasm is not aroused by the mere thought of belonging to a country covering a vast area or containing one hundred or two hundred millions of inhabitants, but it is my ambition that the country to which I belong shall be a leader in setting a new standard in international relations and will give to the world a new idea, namely, that its own welfare, its own greatness, its significance in the onward march of civilization depends and is in direct ratio with the service which it is able to perform to other nations, and particularly to its sister Republics of America.

Important and far-reaching as is the significance of this Conference, its full and final import can only be judged in that larger perspective in which loom up the successive steps toward the goal of Pan American solidarity.

Permit me in closing, Mr. Secretary, to thank you for the honor you have done me in selecting me to assist you in this great work.

Let me also take this opportunity to thank the governing board of the Pan American Union for their generosity in placing all the facilities of this magnificent building at the service of the Conference. I also wish to express my special appreciation to the Director General of the Pan American Union, the Honorable John Barrett, whose remarkable and efficient executive direction has made possible the arrangements for the sessions. Finally, I desire to say a word of the deepest appreciation to the Honorable Andrew J. Peters, Assistant Secretary of the Treasury, for his self-sacrificing and self-effacing devotion to the work of this Conference, and also to the four assistant secretaries general and to the nineteen group secretaries,

without whose aid it would have been impossible to conduct the work of the Secretary-General's office.

I close with a deep sense of gratitude to you all, and drink to the health and prosperity of every member of this historic Conference. [Loud and prolonged applause.]

Secretary McADOO. Gentlemen, there is just one more brief speech to which I wish you to listen. As our foreign guests landed on the soil of New York City—and most of them landed there, I believe—they were met by a committee, at the head of which was Honorable Dudley Field Malone. I know that he made you feel the warmth and genuineness of the hospitality of this country. [Applause.]

SPEECH OF HON. DUDLEY FIELD MALONE.

MR. SECRETARY AND GENTLEMEN OF THE PAN-AMERICAN FINANCIAL CONFERENCE: This is not my idea of a good time to make a speech. I have a friend in New York who has varying ideas about the proper length of an after-dinner speech. He is of Irish origin and is always of course entitled to free speech, and he has said that any place in a speech is a good place to stop, and that if an egg be bad, one taste is enough. There is a wisdom in those thoughts at this hour of the evening.

When I first heard of the completion of the Panama Canal I was in very grave doubt as to whether or not it was to convey us and our sister Republics a benefit or a disadvantage, because it separated North and South America into two islands, and I did not know whether or not we were hereafter to live in a state of splendid isolation or in a state of comity, interest, and commerce. Indeed, I was very much like that Irishman who saw a building going up, and as he looked at the mortar between the bricks he said, in his own peculiar philosophy: "Will it keep them together or keep them apart?" [Laughter.]

Gentlemen of this Conference, the sessions which you have held this week are a tangible, practical, and enduring answer to the problem of which the digging of the canal has been merely the physical expression; namely, the bond which has drawn closer and closer into friendship and commercial intercourse the republics of the North and the republics of the South. [Applause.]

This has been a great Conference for a number of reasons. This Conference could not have occurred by the mere wish of any one man. It is the fruition of a fine idea, and you are fortunate to-night in having present with you the men who have made it possible, not only to have this building, but to have the Conference during the past week in this building. Not the least among the men who,

through seasons of adversity and through seasons of prosperity, have with tenacity, philosophy, and American courage stood by the Pan-American idea is the Director of this Union, the Honorable John Barrett.

Gentlemen, you would not have come to us in your spirit of friendship, the spirit which I discovered when the Secretary of the Treasury did me the honor to send me down to the Narrows and set me on a tug in order that you might be the only ones who came into the port of New York without paying duty; you would not have come in such a friendly spirit had you not been given the opportunity to know what the heart and purpose of the American people was toward you, your peoples, and your Republics. And this idea was never more eloquently and in a more truly and patriotically American fashion asserted than by the gospel which has been preached for a decade of years by the man whom America is proud to call one of the greatest Secretaries of State we have ever had, Mr. Bryan. [Applause.] I believe there could be no better motto for your Conference, for the future organization consequent upon it than that which he set in such pithy form to a distinguished citizen of one of your Republics when he said: "The Lord hath made us neighbors; let justice make us friends."

It is not enough that we should have the sentiment of friendship. It must be solid; it must be supported by the tangible evidences of friendship in legitimate, honest courses of trade and commerce. That this Conference has been a success is due to the fact that if Mr. McAdoo never did anything else for his country than what he did when he conceived and put into operation the purposes of this meeting, he brought about an understanding and a *modus vivendi* and a method of operation for the practical expression of the feelings of our people, which feeling is going to find its fruition in the increased commerce and trade of the entire continent, not only for the preservation of the products of America but for the protection of the hemisphere against the opposition of the world. [Applause.]

It is very thoughtful of the Secretary to have called on me at this farewell gathering to help say good-by to you, because I first met you in New York, and I am compelled to say that you look the worse for wear this week. Then you were fatigued from entertainment, now you are suffering an honest fatigue from labor; so you have the consolation of going to sleep with clear consciences this week, which I hope, but I am not sure, you had last week. [Laughter.]

However, gentlemen, it has been a pleasure for me to have a personal identification with your Conference, even remotely, away in New York. It was a distinguished honor to represent the Secretary of the Treasury, and it will be a long while before I shall forget

the many hospitable, friendly, and genial influences with which I came into contact by intercourse with all of your delegates. Nothing more can be said than this, that the United States of America should be proud of the efforts which she, through her officers of the government, has exerted, and the United States of America is proud of every delegate who came from the sister Republics to attend the Conference. This will only be completely successful when we of the United States send to the countries of Central and South America men who have the same standing here as you have at home, men of the same caliber, business ability, morals, and ideas as those whom the sister Republics have sent to the United States. [Prolonged applause.]

Secretary McADOO. Gentlemen, there were printed for distribution among the guests of the evening copies of the Federal Reserve Act containing Governor Hamlin's splendid indexed digest, and specially bound with the name of each delegate stamped thereon. The guests of the evening have, however, changed so much since the first acceptance that we have not books for each member here to-night. I would suggest that those who have not received copies should hand their names and addresses to the Secretary-General, Dr. Rowe, who will see that books are sent to them. We have no blank copies, and so can not furnish them to-night.

And now, gentlemen, the hour has come for us to part, and before we do I should like to make grateful acknowledgment to the press of this country for the splendid and sympathetic treatment it has given to the proceedings of this Conference. [Applause.] We are deeply grateful to the newspapers of America. I also wish to express my deepest appreciation and thanks for the use of this beautiful building for the proceedings of this Conference, and to Mr. John Barrett and to all of the directors of the Pan American Union for their kindness and courtesies.

And now, my friends, I wish to dismiss you with this simple benediction, that while you in Latin America speak a different tongue from that which we use in North America, yet let us hope that we shall always speak the common language of friendship and mutual admiration. [Prolonged applause.]

NOTES ON THE TRIP OF THE
DELEGATES, AT THE CONCLU-
SION OF THE CONFERENCE

TRIP MADE BY THE DELEGATES.¹

As guests of the United States Government, a number of the delegates of the Pan American Financial Conference availed themselves of an invitation extended by the Secretary of the Treasury, Mr. McAdoo, to secure a first-hand view of the industries and activities of at least nine large cities of the country. Notwithstanding the fact that they were traveling almost constantly for two weeks it was interesting to the delegates that they were able to traverse less than a quarter of the great United States. A notable feature of the trip was the cordial reception accorded everywhere. The party traveled through nearly 3,000 miles of country; it visited ten States, and was entertained and banqueted by twelve leading American cities. There was unfailing hospitality; Nation, State, and city united to make the journey memorable.

In spite of the fact that he had barely recovered from a serious illness, it was the earnest intention of Secretary McAdoo to accompany the party. It was therefore with the greatest reluctance, and only because important matters of State arising from the world crisis required the members of the President's Cabinet to be in Washington, that Mr. McAdoo was finally obliged to forego the pleasure of personally conducting the delegates en route. In his stead he therefore selected Hon. Andrew J. Peters, Assistant Secretary of the Treasury, to head the party. Mr. Peters, a former member of Congress from Boston, was in personal charge throughout the entire trip.

At the disposal of the guests was a seven-car vestibuled special train. The equipment was new throughout. In addition to each member of the party having a separate compartment, there were library, club, and observation cars for his comfort. It was arranged, however, that of the fourteen days en route only five nights were spent on the train and the remainder in hotels.

One notable feature of excellent service was the transfer of more than one hundred pieces of baggage from train to hotel and vice versa at each city visited. The delegate left the train with no thought of his belongings, and in most cases upon arrival at his hotel found his baggage had preceded him, a convenience which was highly appreciated by the travelers.

ANNAPOLIS.

The travelers left Washington for Annapolis, the historic capital of Maryland, an hour by trolley, to inspect the United States Naval

¹ A complete itinerary and map of territory traversed will be found on page 81.

Academy. There they were greeted by Commander Guy H. Burrage and a special detachment of cadets, who acted as an escort about the beautiful grounds. In the Severn River near by there was a fleet of battleships. Of particular interest to the visitors was the tomb of John Paul Jones, the father of the American Navy.

It was recalled to them that on December 23, 1783, General Washington surrendered his commission as Commander in Chief of the Continental Army to Congress, then sitting at Annapolis. In 1608, Capt. John Smith visited this site, but no settlement was made until 1649, when a company of Puritans from Virginia established here a town which afterwards came to be named Annapolis, in honor of Queen Anne.

BALTIMORE.

The party arrived at Baltimore in time for luncheon. After a sail around the historic harbor, passing the spot where the Star Spangled Banner, the national anthem, was written, there was an automobile trip about the city, which included a short stop at the Baltimore Country Club. So wonderfully had the city built up and progressed that it was utterly impossible to tell which part of it had been devastated by the great fire.

The manufacturing enterprises of Baltimore are most varied, scarcely a single important industry being unrepresented. It is said to be the largest manufacturing center in the United States for fertilizers, straw goods, cotton duck, fruit canning, and oyster packing. In the total value of its manufactured products Baltimore stood, in 1909, thirteenth among the cities of the United States. The ship-building industry there has recently undergone marked development. Mayor Preston, host at dinner, made his welcoming speech in Spanish. Dr. Pérez Triana, former Minister from Colombia to Great Britain, and Dr. Alfonso Quiñónez, Vice President and former President of Salvador, were among those to respond. It was really only a beginning for Dr. Pérez Triana, whose fame as an orator went ahead of him, for he was obliged to speak in almost every city. United States Senator Blair Lee, of Maryland, also spoke. Striking was the table arrangement—a hollow oblong—practically inclosing the huge ballroom. In the center were the flags of the Americas and ingenious miniature fountains, ponds, brooks, and landscape effects.

PHILADELPHIA.

With bands playing, flags of the various countries flying, and the broad streets lined with enthusiastic spectators, the delegates were taken to Independence Hall in Philadelphia. On the spot where the delegates of the 13 English colonies—which were so soon to become the United States—had met 139 years ago to declare

their independence, the representatives of the 13 American Republics heard Mayor Blankenberg advocate a closer union of the Americas. He proposed a declaration of "interdependence" for the Americas and the United States. The venerable Dr. Pablo Desvernine y Galdós, Secretary of State for Cuba, acting as honorary chairman of the meeting, was greeted by continued applause. Roger W. Babson, of Boston, was appointed temporary secretary. Dr. Gonzalo Vergara Bulnes, a prominent lawyer of Chile, who responded to the mayor's salutation, was also warmly greeted. Just before the meeting there was an inspection of the Liberty Bell.

A proposed international trade flag was presented to Mr. Peters—to be forwarded to Secretary McAdoo—by Miss Sarah Wilson, granddaughter of Betsy Ross, who made the first American flag. The presentation took place in the Betsy Ross House, where the Stars and Stripes first saw daylight. The new flag was designed by the Philadelphia Chamber of Commerce and made by Miss Wilson. It was of pure white, bearing in the center a single star of the same blue which marks the field on which the white stars of the flag of the United States are emblazoned. Miss Wilson suggested the flag might be used on ships plying between the Americas.

"I venture to pray," she went on, "that under the wise guidance of the Almighty God the day may sometime come when all ships engaged in trade between the Americas may fly this flag, as it stands for equality of opportunity and security for the peoples of all nations."

There was a visit to League Island Navy Yard, where a boat was taken for a trip on the Delaware River along the city front to the famous plant of the William Cramp & Sons Ship & Engine Building Co. A hat factory—that of John B. Stetson—covering 6 acres of ground, and where three and a half million hats are made every year, interested the visitors.

"If there were not a factory of any kind in the Latin-American countries," said Alba B. Johnson, president of the Baldwin Locomotive Works, at the formal dinner, "Philadelphia could supply to the inhabitants every necessity and most of the luxuries of life."

Mayor Blankenberg spoke. Secretary Peters and Dr. Pérez Triana responded for the visiting party. The next morning there was a visit to the Baldwin Locomotive Works. At the United States Mint it so happened that a quantity of Cuban dollars were being coined.

PITTSBURGH.

An hour before the train reached Pittsburgh the night skies began to be illuminated by the reflection of hundreds of roaring steel furnaces. Bright and early the next morning—and not discouraged by a steady downpour of rain—a special train was boarded for

McKeesport, Pa., where is located the extensive plant of the National Tube Works. A party of fifteen young girls presented each of the delegates with a carnation and a card bearing a message of greeting. As in other immense plants, but here particularly, the sightseers were impressed with the manner in which the "safety first" campaign of protecting workmen has been carried forward. There was pointed out to them what was said to be the longest manufacturing building in the world. They saw every sort of steel tubing made.

On board the steamer *Sunshine*, where luncheon was served, a trip of several hours along the Monongahela River revealed shores lined for twenty-five miles with gigantic steel plants and blast furnaces.

Various processes of steel manufacture were explained in detail at the Homestead works of the Carnegie Steel Co. It is one of 36 separate plants of a concern which has 40,000 employees.

In the armor-plate mill, opened only on very special occasions to visitors, there were seen the port plates for the *Arizona*, the new United States battleship just launched, and the onlookers were told how it took nine months to make one plate. They were shown plates which will be riveted to the battleship *California*, also building—great curved pieces of steel that require special railroad cars to carry them. The magnitude of the operations held the visitors in wonder. They saw steel in every form, from the red ore in the cars and the liquid iron of the blast furnaces as it ran into pigs, into the great steel ingot that would crush a house should it fall upon it, to the finished strips and plates into which the ingot was mauled and jammed and fashioned in less time than a cook can shape a lump of dough into a loaf. And it is so much of a physical task to endeavor to walk about one of these great plants that it took a major portion of a day to see a small part of it.

At a dinner given by the Chamber of Commerce of Pittsburgh, its president, David P. Black, told of Pittsburgh's interest in the growth and welfare of the countries to the south. Mayor Joseph G. Armstrong spoke along the same line. George W. Guthrie, United States ambassador to Japan, said it was absolutely necessary for the South American nations and the United States to come into more friendly contact with each other. Henry P. Bope, president of the Foreign Trade Commission of Pittsburgh, and Samuel Hardin Church, president of the Carnegie Institute, spoke. Dr. Vicente Gonzales, of Ecuador, said that the various Governments had shown their confidence and friendliness by accepting Secretary McAdoo's invitation to take part in the Pan American Financial Conference.

The following morning until train time, a visit to the glass works of Pittsburgh and automobile rides through the beautiful parks of the city occupied the time of the delegates.

ST. LOUIS.

Governor Major, of Missouri, a battalion of the National Guard, a squadron of police, and a brass band met the train in St. Louis. Finely equipped special street cars carried the party from the station while people in shops and factories applauded. Different features were arranged by committees of the St. Louis Business Men's League and of the St. Louis Clearing House Association. There was a visit to the Missouri Botanical Garden, which was laid out and presented to the city by Henry Shaw. In the day's program was an automobile trip over the city. St. Louis is noted as a commercial center. The wholesale trade exceeds in value \$600,000,000 per annum. The city also commands over 6,000 miles of direct navigation by river, accessible to steamers and barges during a large part of the year. There are upwards of twenty lines of railway, some of which are parts of extensive systems, entering the city. Transportation by rail is facilitated by five bridges across the Mississippi and Missouri Rivers.

The Latin-American guests were taken to the farm once owned by General U. S. Grant, now the country home of August Busch. General Grant was born in Ohio, but he married Julia F. Dent, of St. Louis, a sister of one of his classmates at West Point, and the Missouri city afterwards became closely associated with the great soldier and president.

A banquet was spread at the Sunset Hill Country Club. The next day there was more sightseeing and a luncheon at the St. Louis Club.

CHICAGO.

To the flourishes of trumpets, a detachment of cavalry forming a guard of honor, the Pan American guests were escorted from the station to hotel, along Michigan Avenue, in Chicago. Early the next morning there was a special welcome to the second largest city in the United States—for Chicago now has a population of close to two million and a half—by Mayor Thompson in the many-storied City Hall. The latter, located in the business district, gave the visitors more the impression of an American "skyscraper" rather than a conventional city edifice. However, owing to a law restricting the height of buildings, New York has taller business structures than Chicago, some of them approximating close to forty stories. The highest in Chicago is twenty-two stories, but at least one office building spreads over so much ground that it affords a capacity for 6,000 tenants.

Inasmuch as the city of Chicago possesses one of the most beautiful park and boulevard systems in the world—and incidentally some 4,000 miles of paved streets—it was appropriate that a great automobile sightseeing trip should be in order. The route taken led north, but finally completely encircled the city, coming in from the

south. The Chicago River and its branches divide the city into three parts. In the south section the visitors noticed the numerous movable bridges, some fifty of them, quite a few of which folded up or raised in a manner novel to many of the sightseers. Chicago extends along Lake Michigan for twenty miles and the automobile trip afforded an unusual opportunity to traverse the picturesque lake front. More than passing attention was given to the site of the World's Columbian Exposition, several buildings of which are still standing.

Bernard Singer, local consul from Nicaragua, presided at a luncheon given by the Pan American Consular Association of Chicago. The distinguished visitors met financial and commercial Chicago at a banquet given by the city, the Chicago Association of Commerce, the Chicago Clearing House Association, the Illinois Manufacturers' Association, the Illinois Bankers' Association, and the Chicago Board of Trade. The speakers on this important occasion were Hon. Edward F. Dunne, governor of Illinois, Hon. William Hale Thompson, mayor of Chicago, George M. Reynolds, president of the Continental and Commercial National Banks, Dr. Perez Triana, and Hon. Andrew J. Peters, the Assistant Secretary of the Treasury. John J. Arnold, vice president of the First National Bank of Chicago, was the toastmaster.

A tour was made the next morning of the Union Stockyards, where centers the live-stock and packing industry, which covers an area of nearly 500 acres. Meat packing is the greatest local industry and is that for which Chicago is best known. In the enormous stockyards from two-thirds to four-fifths of the cattle and hogs received are killed, and sent out in various forms of prepared meats and by-products, such as lard, fertilizers, glue, soap, candles, and so on. The introduction of the refrigerator railway car in the seventies, making possible the distant marketing of dressed meats, enormously increased the business.

There was a specially conducted trip through the larger packing houses and afterwards the visitors were guests at a luncheon at the Saddle and Sirloin Club with the following packing concerns as hosts; Sulzberger & Sons, Armour & Co., Morris & Co., Swift & Co., and Libby, McNeil & Libby. At night there was an informal dinner at the Chicago Athletic Association.

DETROIT.

Easily most spectacular in its particular way was the visit to the Ford automobile factory. Here our neighbors to the south became so interested at the rapidity with which finished automobiles were turned out of the plant that—with watch in hand—they saw three new machines come down the runway each minute—one every twenty seconds. It seemed unbelievable to them that a single company could

turn out more than three hundred thousand automobiles in the short space of a year. Possibly nowhere does the visitor have a greater opportunity to study the automobile than in Detroit. There are thirty-four automobile manufacturing concerns in this city alone, and during the year automobiles of the market value of \$400,000,000 will be manufactured here.

It was a source of wonder that such a delicate and comparatively small mechanical device—an almost human mechanism—the Burroughs adding machine, should be housed in factory buildings occupying two city blocks, with a floor space of seven and one-half acres. One of these intricate little machines is produced every five minutes. Henry Ford, of the Ford Automobile Co., and Joseph Boyer, president of the Burroughs Adding Machine Co., were hosts at luncheon at the Detroit Athletic Club. Afterwards some of the party availed themselves of an invitation to visit the large drug plant of Parke, Davis & Co., where the visitors manifested great interest in the machines which were turning out millions of medicinal pills a day. The party then gathered on the company's lawn and while partaking of a buffet luncheon prepared for them by this firm, witnessed a fire drill by the Parke, Davis & Co.'s own fire company and also an exhibition fire drill by the fire boats on the river. From the lawn the party had a splendid view of the Canadian side of the river and the automobile manufacturing plants which line the banks.

Beneath outstretched wings of the American eagle, and with the walls and tables decorated with the flags of the Americas, the party was banqueted by the Detroit Board of Commerce. Hon. Edwin Denby, a former member of Congress, introduced Charles B. Warren, president of the board of commerce, who acted as toastmaster. Dr. Aristides Arjona, Secretary of Finance and Treasury, of Panama, and Hon. William Alden Smith, senior United States Senator from Michigan, were among the speakers.

NIAGARA FALLS.

En route from Detroit to Niagara Falls it was necessary to pass through a portion of Canada. When the visitors awoke in the morning they saw real signs of war. Canadian troops were seen guarding power houses and bridges. Every precaution was being taken against an enemy. Once arrived at Niagara Falls, those who had not visited there before were eager to acquaint themselves with the scene of the historic "A. B. C." mediation meetings.

It was an ideal day, from an atmospheric standpoint, and few, if any, of the party were absent when the special trolley cars arrived for a closer inspection of the Falls and a trip over the Royal Gorge route, affording a superb view of the rapids below the Falls on both the American and Canadian sides of Niagara River.

A first-hand view of the harnessing of Niagara Falls was presented when the party left the cars to visit a portion of the plant of the Niagara Falls Power Co. To-day, twenty-five years after the breaking of ground for the first tunnel diverting water from Niagara River above the Falls, the aggregate amount of power developed by the Niagara Falls Power Co. and its allied interest, the Canadian Niagara Power Co., is about 175,000 horsepower, with additional capacity in course of construction amounting to 50,000 horsepower. Less than seven per cent of the total flow of water over Niagara has been diverted by these companies, they claim, and the beauty and grandeur of the Falls are unimpaired. Most of the electrical power generated is consumed in the vicinity of the Falls proper, but Buffalo, twenty-two miles away, takes it for city railroad and other power purposes. Another immense plant visited was that of the Hydraulic Power Co. There was a luncheon given by the Niagara Falls Chamber of Commerce.

BUFFALO.

As guests of the Buffalo Clearing House Association, the party was taken by automobile from Niagara Falls to Buffalo. Besides varying the railroad travel, a splendid opportunity was afforded in seeing one of the most important commercial ports of the Great Lakes, a city which owes its prosperity to commerce. Fifteen steamship lines make Buffalo their terminus; innumerable independent vessels ply to the chief ports on the Great Lakes. With a season of only about 246 days in the year, Buffalo ranks with large American and European ports in extent of traffic. The Buffalo street railways were among the first to adopt electric traction and the system of free transfers.

The automobiles took the guests directly to the Buffalo Country Club, passing through the mammoth park which was the scene of the Pan American Exposition, a most interesting feature of the ride to our Latin-American guests. At the country club the party partook of a generous buffet luncheon and were afforded an opportunity for an hour's rest before returning to the city through the beautiful parks and residential sections of Buffalo.

Leaders in finance and business attended the formal dinner at the Buffalo Club. Hon. Herbert P. Bissell, Justice in the New York Supreme Court, was the toastmaster. Gen. Leopoldo Córdova, Minister of Finance of Honduras, spoke at length. His remarks were greeted with enthusiasm by the diners.

SCHENECTADY.

When the travelers awoke in the morning electric locomotives had replaced those of steam, and their train was finally parked in the

heart of the General Electric Works, said to be the largest plant of its kind in the world, an establishment which at times gives employment to as many as 20,000 employees. The gigantic works had taken on a gala air. There was an impromptu reception upon arrival. High officials of the company personally guided the visitors through as large a portion of the plant as the limited time permitted. What a physical task a complete tour would present may be realized when it is told that the ground area is something upward of 300 acres; one building alone has a total floor space of 490,000 square feet. There are other plants located throughout the country. The company's business for a recent year, it is said, amounted to \$112,000,000.

Of interest to the foreign visitors was the first large Curtis steam-turbine generator. It had a capacity of 5,000 kilowatts. When installed in Chicago twelve years ago it was the largest steam turbine in existence. However, after six years' service it was replaced by a Curtis steam-turbine generator of larger capacity. Of the many products of the company which the visitors saw in course of construction were turbines, generators, motors of all kinds, arc and incandescent lamps, and electric mining and railway locomotives.

There was a warm welcome for the Pan American party. The brass band—composed entirely of General Electric employees—had given a special concert. As the Pan American Special slowly pulled out there was a final serenade, and thousands of workmen joined in waving a farewell.

BOSTON.

At Boston there was a fitting and handsome climax to the trip. Everything for the comfort and convenience of the now pretty well tired-out visitors had been thought out most carefully. After giving plenty of time for dinner—no formal function having been arranged, so that the travelers might have a good rest to begin with—there was a delightful popular music ("Pop," it is known as in Boston) concert given by the Boston Opera Company Orchestra. Here the Central and South American guests were joined by another distinguished company of visitors, the Chinese Merchants Commission, which also happened to be in Washington at the time of the Pan American Conference.

Each guest had been asked to write on a card the thing in Boston he desired to see most. Accordingly, the next morning was devoted to personally conducted tours. Many visitors availed themselves of an opportunity to view the historic city of Boston from the tower of the new customhouse. The city has an ordinance limiting the height of buildings to 125 feet, so consequently is not as abundantly supplied with skyscrapers as other places. However, the customs tower, built by the Government and exempt from local ordinances,

rises to a height of 325 feet. The central tower, with its pyramidal top, furnishes not only a notable landmark but an unusual viewpoint.

There was an invigorating automobile drive of some 30 miles along the north shore of the ocean to North Beverly, where Mrs. John C. Phillips and Mrs. Andrew J. Peters served tea to the party. Possibly nowhere in this country are there more ideal roads for motoring than among these beautiful country estates. Lynn, with its great factories, and Salem so rich in history and still showing traces of a recent conflagration, were passed en route. Also Beverly, where during the administration of President Taft the summer capital of the United States was located.

Then there was the farewell banquet. Attended by the junior Senator of the United States from Massachusetts, Mr. Weeks, the governor, Mr. Walsh, the mayor, Mr. Curley, and the president of Harvard University, Dr. Lowell, it was a notable event. Secretary Peters said good-by to the visiting guests. Dr. Pérez Triana, of Colombia, and Mr. Vergara Bulnes, of Chile, responded. Mr. Zayas, formerly the Cuban consul general at New York, in the name of the visitors, presented Mr. Peters with a gold clock on which was engraved the Spanish word for "Remembrance" as a token of parting esteem. Admiral Cordeira da Graça, of Brazil, proposed a toast to the health of the President of the United States.

The guests were the next (and last) day of the trip given the privilege to be the first ones to inspect the handsome new library at Harvard University erected in memory of Harry Elkins Widener, who was lost on the *Titanic*. Dr. Lowell, the president of Harvard, personally conducted the party through the building. There followed a reception by the former Ambassador to Japan and Mrs. Larz Anderson at "Weld," in Brookline, one of the finest estates in that section of the country. Afterwards a luncheon was served at the Country Club. An hour later the guests boarded their special train for the last time. There was a fast run to New York City, where the guests arrived at 9 o'clock Sunday evening. Farewells were said en route and the successful trip was at an end.

MEMBERS OF THE OFFICIAL PARTY.

Hon. Andrew J. Peters, of Washington, D. C., Assistant Secretary of the Treasury.

Hon. William F. Sands, of Washington, D. C., formerly United States Minister to Guatemala, Assistant Secretary General of the Pan American Financial Conference.

Mr. Horace M. Gillman, of Washington, D. C., assistant to Mr. Peters. Brazil:

Admiral Cordeira da Graça, of the Brazilian Navy.

Chile:

Señor Dr. Luis Izquierdo, former Minister of Foreign Affairs.

Señor Dr. Augusto Villanueva, director general of the Bank of Chile.

Señor Dr. Gonzalo Vergara Bulnes, a prominent corporation lawyer.

Guatemala:

Señor Dr. Juan S. Lara, a banker.

Señor Dr. Rafael Aparicio, a prominent coffee planter.

Colombia:

Señor Dr. Santiago Pérez Triana, formerly Minister to Great Britain.

Señor Dr. Santiago Pérez Triana, jr.

Señor Dr. Gabriel Llopis, secretary to Don Santiago Pérez Triana.

Honduras:

Señor Dr. Leopoldo Córdova, Minister of Finance.

Señor Dr. Daniel Fortín, former Minister of the Hacienda and Public Credit.

Nicaragua:

Señor Dr. Pedro Rafael Cuadra, former Minister of Finance.

Señor don Pedro Joaquín Cuadra.

Panama:

Señor Dr. Aristides Arjona, sr., Secretary of Finance and Treasury.

Señor don J. E. Arjona.

Señor don Aristides Arjona, jr.

Señor Dr. Ramón Arias Ferand, director of the Canal Zone Bank.

Ecuador:

Señor Dr. Enrique Gallardo, consul general at New York.

Señor Dr. Vicente Gonzales B., a prominent business man.

Cuba:

Señor Dr. Porfirio Franca Álvarez de la Campa, chief director of the National Bank of Cuba.

Señor Dr. Octavio Zayas y Adán, prominent banker in Cuba, and formerly consul general at New York.

Dominican Republic:

Señor Dr. Francisco J. Peynado, former Minister at Washington.

PAN AMERICAN UNION.

Mr. William A. Reed, representing the Pan American Union of Washington, D. C.

PRESS ARRANGEMENTS.

Mr. Robert D. Heintz, of the Chamber of Commerce of the United States, in charge of press arrangements for the Secretary of the Treasury.

Mr. Earl Godwin, of the Washington Star, assistant in charge of press arrangements.

WASHINGTON CORRESPONDENTS ACCOMPANYING THE PARTY.

Associated Press, Robert Dougan.

International News Service, Mr. Kendrick Scofield.

New York World, Mr. Isaac Gregg.

Christian Science Monitor, Mr. Alfred Pitman.

OFFICIAL STENOGRAPHER.

Mr. Joseph L. B. Chisholm, of Cambridge, Mass., detailed from the Treasury Department.

SECRETARY INTERPRETERS.

Señor Salvador Martínez de Alva.

Señor Luis Rivera Rosas.

IN CHARGE OF TRANSPORTATION.

Mr. Hugh Hassen, of Philadelphia, special passenger agent, Pennsylvania Railroad.

Mr. J. J. Good, of Philadelphia, special baggage agent.

CABLEGRAM SENT BY THE PRESIDENT OF THE UNITED STATES TO THE PRESIDENTS OF THE LATIN AMERICAN COUNTRIES REPRESENTED AT THE PAN AMERICAN FINANCIAL CONFERENCE AND REPLIES THERETO

CABLEGRAM SENT BY THE PRESIDENT OF THE UNITED STATES TO THE PRESIDENTS OF THE LATIN AMERICAN COUNTRIES AND REPLIES THERETO, REPRESENTED AT THE PAN AMERICAN FINANCIAL CONFERENCE.

[THE PRESIDENT'S CABLEGRAM.]

WASHINGTON, D. C., *June 14, 1915.*

Impressed with the outcome of the Conference of American Financiers, it is especially gratifying to me to express to Your Excellency the appreciation of this Government, and my own thanks, for the material aid lent to the success of the Conference by the distinguished gentlemen it was your pleasure to send as delegates of your Government and our honor to receive them as guests of this Nation. The patriotic and intelligent labors of this Conference of leading men from our sister Republics of Central and South America will, I feel assured, bear early and beneficial fruits and lead to increased mutual prosperity.

WOODROW WILSON.

[REPLIES.]

ARGENTINA.

BUENOS AIRES, *June 16, 1915.*

His Excellency WOODROW WILSON,

President of the United States, Washington, D. C.:

I have been most agreeably impressed by the dispatch in which Your Excellency expresses to me your favorable opinion regarding the results achieved by the Pan American Financial Congress. I share the opinion of Your Excellency and confidently believe that the labors of the assembly will prove highly beneficial to the solidarity of the American Republics, stimulating the economic bonds necessary for their mutual development. It is a source of special satisfaction to me to know that the work of the Argentine delegates has merited the kind approval of Your Excellency.

V. DE LA PLAZA.

BOLIVIA.

LA PAZ, BOLIVIA, *June 16, 1915*

His Excellency the PRESIDENT OF THE UNITED STATES,

Washington, D. C.:

In reply to the cablegram in which Your Excellency is good enough to communicate your favorable impressions as to the success of the Pan American Financial Conference, called through the happy initiative of the Government over which Your Excellency so worthily presides, I have the honor to express my thanks for the cordial welcome

extended by Your Excellency and by your enlightened Government to the delegation of Bolivia, and to give utterance to the confident belief I entertain as to the wholesome influence which the labors of the Conference, intelligently carried out, will have on the relations and common prosperity of the three Americas.

ISMAEL MONTES.

BRAZIL.

RIO DE JANEIRO, *June 18, 1915.*

His Excellency the PRESIDENT OF THE UNITED STATES,

Washington, D. C.:

I received with very real pleasure Your Excellency's telegram on the occasion of the closing of the Pan American Financial Conference and thank Your Excellency for the hospitality accorded the delegates of Brazil. I congratulate Your Excellency most warmly on the success of the labors of the Conference, which, I feel, assured, will produce early and profitable results and concur toward the greater prosperity of all the American Republics.

WENCESLAO BRAZ P. GOMES.

CHILE.

SANTIAGO, CHILE, *June 2, 1915.*

His Excellency the PRESIDENT OF THE UNITED STATES,

Washington, D. C.:

On behalf of the Government of Chile, I take pleasure in offering your excellency my most sincere congratulations for the success of the Pan American Financial Conference, recently held in Washington, and at which resolutions of such vast moment to the commercial and economic development of the nations of America were adopted. My Government is most sensible of the courtesies extended to the delegates of Chile to this Conference.

RAMÓN BARROS LUCO,
President of the Republic of Chile.

COLOMBIA.

BOGOTÁ, *June 19, 1915.*

His Excellency the PRESIDENT OF THE UNITED STATES,

Washington, D. C.:

I am much gratified to learn that your excellency is pleased with the success of the Pan American Financial Conference of Washington, and with the part taken therein by the delegates of Colombia. I tender your excellency my cordial thanks for the warm welcome given the delegation of Colombia and for the generous hospitality it received

at the hands of your excellency's Government. I trust that the results of the Conference will be in keeping with the noble wishes of your excellency and will further the prosperity of all the nations of this continent.

JOSÉ VICENTE CONCHA.

COSTA RICA.

SAN JOSE, *June 16, 1915.*

His Excellency the PRESIDENT OF THE UNITED STATES,

Washington, D. C.:

Profoundly grateful for the kind sentiments which Your Excellency has been so good as to express to me in your courteous cablegram of to-day, I feel highly gratified at the brilliant success of the Conference so opportunely initiated by Your Excellency, for the purpose of bringing about in a practical manner the development and expansion of our commercial relations.

ALFREDO GONZÁLEZ.

CUBA.

HABANA, *June 15, 1915.*

His Excellency the PRESIDENT OF THE UNITED STATES,

Washington, D. C.:

On acknowledging receipt of Your Excellency's cordial and courteous message permit me to thank you on behalf of my Government and in my own name for the highly appreciated reception given to the delegates of this Government to the Conference of American Financiers. It is most gratifying to me to know that our delegates lent their material aid to the success of the Conference, and I trust that the work rendered by the distinguished delegates from all the American Republics will bring about a closer commercial relation and an era of greater prosperity for all of them.

MARIO G. MENOCAL.

SANTO DOMINGO.

SANTO DOMINGO, *June 16, 1915.*

His Excellency WOODROW WILSON,

President of the United States, Washington, D. C.:

I am grateful for the expressions of your favorable impressions regarding the aid lent by our delegates to the Financial Congress, and I entertain the hope that the countries lying between the Behring and Magellan Straits may derive great advantages from it and thus increase their prosperity.

J. I. JIMÉNEZ,

President of the Dominican Republic.

ECUADOR.

QUITO, *June 16, 1915.*

His Excellency WOODROW WILSON,

President of the United States, Washington, D. C.:

My Government, in sending its delegates to the Conference of American Financiers, felt certain that it would bear great fruit in establishing closer commercial relations among the nations of our continent. The favorable impressions of Your Excellency on the results attained are highly gratifying to me, and it is a very great pleasure to offer your Nation and Your Excellency's Government the gratitude of the people and Government of Ecuador for the generous hospitality shown our delegates.

LEONIDAS PLAZA.

GUATEMALA.

GUATEMALA, *June 17, 1915.*

His Excellency the PRESIDENT OF THE UNITED STATES,

Washington, D. C.:

Impressed also by the words of encouragement contained in Your Excellency's esteemed cable message of the 15th instant, I take pleasure in expressing to you my sincere acknowledgment and gratitude for the kind and generous reception which the Government of that great and prosperous nation saw fit to accord to the persons designated by Guatemala to attend the American Financial Conference recently held in Washington. I likewise take special pleasure in expressing my sincere congratulations to the Government and people of the United States for the success attained by the Conference and for the beneficial results which, we believe will, beyond doubt, soon flow from it and lead to increased mutual prosperity. My Government and people were highly honored by Your Excellency's kind invitation to Guatemala to take part in the Conference, and I share Your Excellency's good wishes that patriotic and intelligent labor of the nature referred to may crown its work, and thus bring about an extension of commerce and of the magnificent relations which, in this respect unite the countries of North, Central, and South America.

With feelings of high regard, I am,

Your Excellency's true friend,

MANUEL ESTRADA CABRERA.

HONDURAS.

TEGUCIGALPA, HONDURAS, *June 16, 1915.*

His Excellency the PRESIDENT OF THE UNITED STATES,

Washington, D. C.:

An honor, no less than a pleasure, was it to receive the courteous cablegram in which Your Excellency so kindly expressed fitting and noble thoughts on the Pan American Financial Conference, recently held in that Capital. The Government of Honduras views with great pleasure the brilliant success which has attended the praiseworthy initiative of Your Excellency in calling the American Republics together in a meeting from which we confidently expect the most fruitful results. For these reasons I pray Your Excellency to accept my very warm felicitations and most cordial wishes for the closer relationship and prosperity of all the nations of the continent.

F. BERTRAND.

NICARAGUA.

MANAGUA, NICARAGUA, *June 16, 1915.*

His Excellency the PRESIDENT OF THE UNITED STATES,

Washington, D. C.:

I have the honor to acknowledge Your Excellency's cordial and expressive telegram of yesterday on the outcome of the Conference of American Financiers. We have looked upon the Conference as a promise of the most gratifying consequence for the prosperity and closer friendship of all the nations of America. I deem it a pleasure as well as a duty to convey to that nation and to Your Excellency the warm appreciation and thanks of this Government, to which I gladly join my own, for the generous hospitality extended to our delegates and for the interest shown in the Conference which, as Your Excellency so fittingly expresses, will yield early and beneficial fruits to our mutual prosperity.

ADOLFO DIAZ.

PANAMA.

PANAMA, *June 15, 1915.*

His Excellency the PRESIDENT OF THE UNITED STATES,

Washington.

I cordially appreciate the cablegram of Your Excellency, and am most happy to know that Your Excellency considers that the delegates of Panama to the Financial Congress rendered valuable assistance in the great work conceived by the illustrious and just Government of Your Excellency for the establishment of closer relations between the great American Republic and her sisters of the same continent. Permit me to express to you my deep gratitude for the

exquisite hospitality extended on this occasion by the Government of Your Excellency to the delegates of Panama and of the sister Republics who had the honor to take part in the Conference.

BELISARIO PORRAS.

PARAGUAY.

ASUNCION, PARAGUAY, *June 25, 1915.*

His Excellency the PRESIDENT OF THE UNITED STATES,

Washington, D. C.:

On my return from a trip across my country, I had the pleasure to read the telegram in which Your Excellency expresses gratification for the success of the recent Pan American Financial Conference, and manifests appreciation of the aid lent by the delegates of Paraguay. In thanking Your Excellency for these courteous expressions, I avail myself of the opportunity to utter the very sincere wish that the results of the Conference will be fruitful in the establishment of closer friendly relations and in the creation of economic and financial ties among our sister nations.

EDUARDO SCHAEERER,
President of the Republic.

PERU.

LIMA, PERU, *June 16, 1915.*

His Excellency the PRESIDENT OF THE UNITED STATES,

Washington, D. C.:

Having read the attentive telegram with which Your Excellency has honored me to-day, I feel the most complete satisfaction in knowing that the delegates from Peru to the Pan American Financial Congress have worthily fulfilled the instructions and intentions of my Government. For my part I am very grateful for the splendid reception which Your Excellency and your Government have been so good as to extend to the delegates, and I am certain that results beneficial to all the countries of America will be derived from the happy initiative of Your Excellency in calling a conference which in cementing the spirit of Pan American solidarity marks a new era in the economic development and prosperity of the continent.

GENERAL BENAVIDES,
President of Peru.

SALVADOR.

SAN SALVADOR, *June 16, 1915.*

His Excellency the PRESIDENT OF THE UNITED STATES,

Washington, D. C.:

I have the honor, in reply to the kind cablegraphic dispatch of Your Excellency, dated yesterday, to convey to Your Excellency the thanks of the Government of Salvador and my own for your kind

appreciations, as well as for the courtesies dispensed by Your Excellency's illustrious Government to the delegates of this Republic to the Financial Congress while guests of your cultured nation.

In voicing the sincere hope that the success of the Conference, held under the auspices of Your Excellency's Government, may correspond to the lofty motives which inspired its inception, I avail myself of this exceptional opportunity to renew to Your Excellency the assurances of my high and distinguished consideration.

CÁRLOS MELÉNDEZ.

URUGUAY.

MONTEVIDEO, *June 15, 1915.*

His Excellency the PRESIDENT OF THE UNITED STATES,

Washington:

It is with true pleasure that I acknowledge the receipt of the telegram of Your Excellency relating to the American Financial Congress which has just closed with such brilliant success. The cooperation furnished by the Uruguayan Government has been an affirmation of the solidarity of interests and objects which exists among the American countries and a recognition of the prestige and spirit of initiative of the Government of the Union. I am glad to share the opinion of Your Excellency that the work of the Conference must bear beneficial fruits for the American countries. Permit me to add to these sentiments my wishes for the prosperity of the United States and for the happiness of Your Excellency.

FELICIANO VIERA,
President of the Republic.

VENEZUELA.

CARACAS, *June 27, 1915.*

His Excellency the PRESIDENT OF THE UNITED STATES,

Washington, D. C.:

With pleasure do I respond to the cordial message which Your Excellency addressed to me in connection with the Conference of American Financiers held at Washington. I trust that the final results of this Conference, which was promoted and patronized by Your Excellency's noble Government, will be worthy fruits of the high practical talent characteristic of the great descendants of Washington, and I am sure that these mutual benefits, while being factors of prosperity, will also constitute a new and strong bond of solidarity between the sister Republics of this continent. In the name of President-elect General J. V. Gómez, of the Venezuelan Government, and in my own, I thank you for the splendid hospitality which Your Excellency extended to the representatives of Venezuela.

V. MÁRQUEZ BUSTILLOS.

LETTER FROM THE SECRETARY
OF THE TREASURY TO THE
DELEGATES REGARDING THE FU-
TURE OF THE WORK INITIATED
BY THE CONFERENCE

LETTER FROM THE SECRETARY OF THE TREASURY TO EACH DELEGATE REGARDING THE FUTURE WORK OF THE CONFERENCE.

WASHINGTON, D. C., *July 19, 1915.*

GENTLEMEN: As you are about to leave for your homes, permit me to take this opportunity of saying au revoir and wishing you a safe and pleasant journey. I hope that you take with you happy recollections of your visit to the United States. I also hope that you are convinced that the work of the first Pan American Financial Conference is certain to produce results mutually advantageous to our respective countries.

The thorough interchange of views has disclosed many obstacles now existing to the extension of trade and finance among all the American nations and has clearly indicated the remedies for many of these difficulties. I feel certain that you are determined to persist in the work so auspiciously begun by the Conference until the largest measure of practical results has been obtained.

In order that there may be no cessation in the work we have undertaken, I want to beg of you to submit to your Government the following suggestions:

1. ANNUAL PAN AMERICAN FINANCIAL CONFERENCE.

The Conference demonstrated conclusively to my mind that it will be of immense advantage to all the Republics of the American Continent to hold an annual Pan American Financial Conference in Washington. I am going to ask the President of the United States to strongly recommend this to the next session of the United States Congress and ask for a sufficient appropriation to carry on the work. I am sure that the Congress of the United States will act favorably upon this suggestion. I respectfully request that you make a similar recommendation to your Government. I have suggested that the city of Washington be made the place of meeting for the annual sessions of the Pan American Financial Conference merely because I think that it is, on the whole, the most convenient place therefor, and that it is possible to secure a larger attendance of our important financiers and business men in Washington than elsewhere. Moreover, the Pan American Union has a beautiful building in Washington, where all the necessary facilities for the Conference can be

obtained. It is also important, I think, to have the Pan American Financial Conference cooperate with the Pan American Union. I shall be glad, however, if you will frankly inform me whether you think it would be better to hold the financial conference at some other place than Washington.

2. INTERNATIONAL HIGH COMMISSION ON UNIFORM LEGISLATION.

I earnestly recommend that the minister of finance of your country appoint at the earliest possible moment the nine members of the international high commission proposed in the report of the committee on uniform legislation. I inclose several copies of that report.

In order that this high commission may have the status to which its importance and dignity entitle it, I think that the minister of finance of each country should himself accept the chairmanship of the commission in his country. This suggestion has been made to me from many quarters, and I think it is an admirable one. The Secretary of the Treasury of the United States will act as chairman of the commission for the United States. If the ministers of finance of the several countries will adopt this suggestion, the commission will at once have a prestige and dignity which will add much to its effectiveness. The high commission of each country should promptly organize and appoint a secretary general, who should at once assume the duties of his office and get into communication with the high commissions appointed by the several countries.

There should be a meeting of the international high commission as early as possible at some suitable place in Central or South America. I would suggest the city of Buenos Aires as being the most convenient point for this purpose, and that the date for the meeting be the 1st day of November, 1915. This date would be very appropriate for the members of the United States commission, as it will be about one month before the next session of the United States Congress, which convenes on the 6th of December, 1915. Thus an opportunity would be given to submit to that session of the United States Congress the conclusions reached by the international high commission.

It is, of course, essential that the work of the several high commissions be coordinated and have general direction from some common point. I would suggest that until there can be a meeting of the international high commission as proposed, the secretary general of the United States commission act temporarily as secretary general for the international high commission, and I shall be greatly obliged if the minister of finance of each country will cable me as soon as possible if this suggestion is acceptable to his country.

The secretary general of the United States commission will have his headquarters in the United States Treasury Department at Washington, and will be immediately under the direction of the Secretary of the Treasury of the United States. Every effort will be made to keep in touch with the general situation and to arrange for the meeting of the international high commission when a permanent organization can be effected. I shall greatly appreciate it if the minister of finance of each country, will cable me at the Treasury Department in Washington the names of the members of the high commission for his country as soon as they are appointed, in addition to the name of the secretary general, and state whether the city of Buenos Aires is agreeable for the first meeting of the international high commission, and if November 1 is acceptable as the date for said meeting.

Each high commission should, as soon as appointed, take up and consider carefully the report made by the committee on uniform legislation to the Pan American Financial Conference, dated May 29, 1915, copies of which are inclosed, and should send to the secretary general, Treasury Department, Washington, D. C., the fullest possible information as to the extent to which the recommendations of the committee on uniform legislation above referred to are regarded favorably by their Governments, together with any suggestions they have to offer.

I would also respectfully urge upon your Government the importance of making such provision as may be necessary to give the high commission an official status and standing, and also for the making of a reasonable appropriation to enable the high commission of each country to carry on its work. I shall beg the President of the United States to make similar recommendations to the Congress of the United States, and I am satisfied that there will be no difficulty in securing from the Congress of the United States the necessary appropriation for this purpose. The creation of an international high commission is certain to produce advantageous results in all the countries concerned. I respectfully urge upon you the importance of these suggestions and beg that you will express to your Government my hope that it will take early and favorable action thereon.

3. PERMANENT GROUP COMMITTEES.

Much of the success of the Conference resulted from the division of the representatives of the United States into 18 group committees, one of which was assigned to the delegation from each of the visiting countries, thus bringing about a group conference between the dele-

gates of each country and a committee of representative financiers and business men of the United States, with a resulting interchange of views at close range and under conditions where the problems of each country were intimately discussed and the difficulties in the way of more extended trade, commerce, and intercourse between them were developed and the remedies therefor ascertained and considered. It is clear that it will be to the interest of all concerned if these group committees shall be continued. It is my purpose, therefore, to appoint a group committee in this country to which will be assigned the specific duty of keeping in touch with the delegates from your country, and of acting as the medium in the United States; through which you may secure reliable information or submit matters for the consideration of financiers, merchants, or manufacturers in the United States. This committee, will, of course, have no official status but will act as a voluntary organization for the purpose of fostering closer financial and commercial relations between our respective countries. The group committees now appointed will serve until the convening of the Pan American Financial Conference of 1916, unless sooner relieved from further service by the Secretary of the Treasury of the United States.

I would suggest that the delegates from your country continue as a group committee for your country, so that, in like manner, our business men and financiers may be able to apply to you for reliable information concerning matters affecting business or finance in your country.

4. THE IMPERATIVE NECESSITY FOR THE PROMPT ESTABLISHMENT OF
INCREASED AND IMPROVED STEAMSHIP COMMUNICATION BETWEEN
THE LEADING PORTS OF LATIN AMERICA AND THE UNITED STATES.

It was the unanimous opinion of the Conference that improved ocean transportation facilities between the leading ports in South and Central America and the United States are of vital importance. The Conference unanimously adopted the following resolution:

Resolved, That it is the sense of this Conference that improved ocean transportation facilities between the countries composing the Pan American Union have become a vital and imperative necessity, and that every effort should be made to secure at the earliest possible moment such improved means of ocean transportation, since it is of primary importance to the extension of trade and commerce and improved financial relations between the American Republics.

As you doubtless know, a bill was introduced in the last Congress of the United States, and almost became a law, authorizing the Government of the United States under certain prescribed conditions to establish steamship lines to Latin America. A copy of that bill is

inclosed. Doubtless the Congress at its forthcoming session, in December, 1915, will give renewed consideration to this important matter. It would be very helpful if you would, at the earliest practicable moment, supply me with the following information:

(a) Between what port or ports in your country and what port or ports in the United States do you consider it most essential to provide additional steamship facilities?

(b) How frequent should the sailings be?

(c) What should be the speed, gross tonnage, and general character of the ships for the proposed service to make them thoroughly competitive with the ships operated between European countries and the leading ports in your country?

(d) What are the passenger rates for first and second cabin and for steerage between your principal port and the principal port of Great Britain, France, Germany, and Italy?

(e) What, in your judgment, should be the passenger rates for first and second cabin and steerage between your principal port and the city of New York, between your principal port and the city of New Orleans, between your principal port and the city of San Francisco? What are the present rates between those points?

(f) Give the cargo rates on your chief articles of export and import between your principal port and the principal port of Great Britain, Germany, France, and Italy prior to the outbreak of the European war. Please give the same information as to cargo rates between the same ports at the time of your reply to this inquiry.

(g) What were the cargo rates on your chief articles of export and import between your principal port and the ports of New York and New Orleans in the United States prior to the outbreak of the European war? Please give the same information as to cargo rates between the same ports at the time of your reply to this inquiry.

(h) Give the approximate amount of steam tonnage operating between your principal port and the principal port of Great Britain, Germany, France, and Italy for a period of six months prior to the outbreak of the European war. What percentage of this tonnage was under British registry; what percentage under German registry; what percentage under French registry; what percentage under Italian registry; and what percentage under the United States registry? Give the same information for the six months prior to the date of your reply to this inquiry.

(i) Please give the amount of steam tonnage between your leading port and the cities of New York, New Orleans, and San Francisco for six months prior to the outbreak of the European war. What percentage of this tonnage was under British registry; what per-

centage under German registry; what percentage under French registry; what percentage under Italian registry; and what percentage under the United States registry? Give the same information for the six months prior to the date of your reply to this inquiry.

(j) Please state whether or not cargo rates between your leading port and the ports of New York, New Orleans, and San Francisco in the United States are, in normal times, higher than to competitive ports in Great Britain, Germany, France, and Italy. Please give a detailed comparative statement of such rates.

(k) State what are the chief disadvantages under which commerce between your country and the United States is suffering because of these higher rates; to what extent such commerce is suffering because of inadequate and insufficient steamship service between your country and the leading ports of the United States. Please give any other information bearing upon this important question which will make the problem clearer, and give me your suggestions as to what is necessary in the way of specific steamship service to overcome these disadvantages and to promote trade and commerce between your country and the United States.

(l) Please state what undue burdens are placed upon steamship companies in the ports of your country in the way of port charges, restrictive or burdensome navigation laws, etc., and whether or not these burdens can be removed.

(m) Please state what favoring laws your Government is willing to enact or what encouragement your Government is willing to give to a steamship company or companies which will establish improved steamship facilities between your leading port and the leading port or ports of the United States.

(n) In the event that it should be deemed advisable for the Governments concerned to furnish the capital for the operation of steamship lines between your country and the United States, to what extent and in what manner would your Government be willing to assist in establishing and operating such steamship facilities?

(o) What difficulties exist in the way of direct cable communication between your country and the United States? Give comparison of cable rates between your chief city and New York City, London, Berlin, Paris, and Rome.

(p) Please give me your suggestions as to how the need of sufficient cable communications between your country and the United States may be most easily remedied, and to what extent and in what manner your Government would be willing to join with the United States in the establishment of direct cable lines.

5. IMPROVED POSTAL FACILITIES BETWEEN THE UNITED STATES AND LATIN-AMERICAN COUNTRIES.

The Postmaster General of the United States has asked me to request you to submit to your Government the following information:

The Postmaster General of the United States, under date of October 17, 1914, addressed to the postal authorities of each of the countries and colonies of the Western Hemisphere to which our domestic letter rate did not then apply a proposal on the part of this Government to enter into conventions establishing a 2-cent letter rate—the domestic rate—from the United States to those countries, if they would agree that letters coming from their countries to the United States should bear their domestic rate. This offer upon the part of the United States postal administration still stands and it is intended in the near future to again address a communication to each country renewing the offer.

There is now pending an offer to enter into a convention for the exchange of money orders with each country of Central and South America with which we do not now transact such business, with the exception of two, namely, Guatemala and Venezuela, which at this time have no domestic money-order system, and consequently could not exchange remittances in that form with the United States. It is the purpose of the Postmaster General to renew in the near future the invitation which he has extended to the countries referred to to enter into money-order exchange conventions with this country as early as practicable.

The Postmaster General of the United States is also examining the terms of the parcel-post conventions in force between the United States and the several countries of Central and South America, with a view to removing all obstacles that it is practicable to remove in the way of restrictions embodied in such conventions which interfere with the freedom of transmission of parcels, etc.

The things above indicated are those which the Postmaster General of the United States is anxious to do and have done in order to bring about better postal relations between this country and the respective countries of Latin America with a view to increasing the trade relations between the countries of the Western Hemisphere for their mutual advantage.

I hope that the suggestions of the Postmaster General will receive due consideration on the part of your Government. Improved postal facilities between our respective countries is one of the essentials to improved financial and commercial relations.

I shall send to you, as soon as printed, a full report of the proceedings of the First Pan American Financial Conference.

Believe me, gentlemen, with warm regards and best wishes,

Faithfully, yours,

W. G. McADOO.

PERMANENT COMMITTEE
APPOINTMENTS MADE BY
THE SECRETARY OF THE
TREASURY

PERMANENT COMMITTEE APPOINTMENTS.

INTERNATIONAL HIGH COMMISSION.

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LEO S. ROWE, *Secretary General*.

J. BROOKS B. PARKER, *Assistant Secretary General*.

CONSTANTINE E. MCGUIRE, *Assistant to the Secretary General*.

SPECIAL COMMITTEE IN CHARGE OF THE VISIT OF AMERICAN FINANCIERS AND BUSINESS MEN TO SOUTH AND CENTRAL AMERICA.

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S. M. HASTINGS, President Illinois Manufacturers' Association, Chicago, Ill.	WALTER PARKER, General Manager New Orleans Chamber of Commerce, New Orleans, La.
S. T. HENRY, Vice President McGraw Publishing Co., New York City.	ROBERT H. PATCHIN, Secretary Foreign Trade Council, New York City.
W. S. KIES, 55 Wall Street, New York City.	JAMES J. SHIRLEY, Of F. A. Gillespie Co., New York City.
DANIEL KELLEHER, Seattle, Wash.	WILLARD STRAIGHT, 23, Wall Street, New York City.
A. L. MILLS, President First National Bank, Portland, Oreg.	EDWIN WARFIELD, President Fidelity Trust Co., Baltimore, Md.
CHARLES G. MOORE, Panama - Pacific International Exposition, San Francisco, Cal.	

PERMANENT GROUP COMMITTEES.

ARGENTINA.

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JAMES A. FARRELL, President United States Steel Corporation, New York City.	CYRUS McCORMICK, International Harvester Co., Chicago, Ill.
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GEORGE H. RICHARDS, Foreign Department, Remington Typewriter Co., New York City.	

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MORRIS COSTER, Foreign sales manager West- inghouse Co., New York City.	WALLACE D. SIMMONS, St. Louis, Mo.
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tric & Manufacturing Co.,
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Crocker National Bank,
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Of American Car & Foundry Co.,
New York City.

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ROBERT H. PATCHIN, Secretary National Foreign Trade Council, New York City.	

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President First National Bank,
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VENEZUELA.

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Chicago, Ill.

E. A. DE LIMA,
58 West Sixth Street,
New York City.

W. C. POTTER,
Of Guaranty Trust Co.,
New York City.

I. N. SELIGMAN,
Of J. & W. Seligman,
New York City.

WILLIAM P. WILSON,
Director Commercial Museum,
Philadelphia, Pa.

GENERAL MEMORANDA

MEMORANDUM SUBMITTED BY DR. R. C. ALDAO, ARGENTINE
DELEGATE, IN SUPPORT OF THE DRAFTS OF RESOLU-
TIONS PRESENTED BY HIM TO THE CONFERENCE
ON UNIFORMITY OF COMMERCIAL LAW, MAR-
TIME TRANSPORTATION, AND THE CREATION
OF AN INTERNATIONAL COMMITTEE OF
COMMERCIAL ARBITRATION

**MEMORANDUM SUBMITTED BY DR. R. C. ALDAO, ARGENTINE
DELEGATE TO THE PAN AMERICAN FINANCIAL CONFERENCE,
IN SUPPORT OF THE DRAFTS OF RESOLUTIONS PRESENTED BY
HIM TO THE CONFERENCE ON UNIFORMITY OF COMMERCIAL
LAWS, MARITIME TRANSPORTATION, AND THE CREATION OF
AN INTERNATIONAL COMMITTEE OF COMMERCIAL ARBITRA-
TION.**

The Pan American policy fostered by the United States and from which so many benefits may be expected by the Republics of America is completing its evolution.

The action of this policy was limited until a short time ago to the maintenance of relations tending principally to the furnishing of reciprocal information among the countries making up the Pan American Union.

It may perhaps be said that it was not until 1914 that this policy of continental solidarity attained its first practical success by rendering possible the mediation of Argentina, Brazil, and Chile, which brought to a happy close the grave situation created by the differences between the Government of the United States and Victoriano Huerta of Mexico.

This conference which has brought together the representatives of almost all the Latin American Republics for the consideration of financial and commercial matters, constitutes the most efficient initiative toward obtaining results mutually advantageous.

The development of public wealth and its establishment upon a solid basis by facilitating the realization of individual welfare is what gives an impulse to and marks the route to be followed by the international policy of the nations whose progress must serve as an example to the young Republics of America. And it is for this reason that, as an act of strict justice, sincere applause should be extended to the Secretary of the Treasury, the initiator of this conference.

In so doing, the Argentine delegation is gratified to look upon it as an augury of a new and fruitful era in the Pan American policy.

GENERAL REMARKS.

The economic prosperity of the Latin Republics of America, in my opinion, calls for the concurrent action of three main factors:

a) The regulated increase of their population by the incorporation of men capable of cultivating and making productive the extensive area of agricultural lands, now sterile owing to a scarcity of population.

b) The permanent or at least long-time investment of more capital, permitting the development of their industries, the establishment of easy internal and external communications, and the increase of banking facilities called for by the development of international commerce.

c) The widening of their commercial radius of action by the increase of the markets for their products and by the attraction of offers of manufactures of foreign industry, for the purpose of improving the conditions governing the sale of their domestic production and the purchase of manufactured goods to supply their own consumption.

With reference particularly to my own country—the Argentine Republic—I would say that the first point mentioned is not yet of urgent importance in the relations which bind Argentina together. The immense population of the United States does not as yet exceed the productive capacity of her territory, and therefore there can not be expected for the present the establishment of a regular current of North American immigration to the shores of Argentina.

But it is to be expected that before the lapse of many years the colossal development of the United States will direct thoughts toward the advisability of promoting the emigration of those who are unable at the time to find easily means of livelihood owing to the overflowing population.

And it is also to be hoped that then—in that future which I venture to trust is very near—the American emigrant will consider it advantageous to transfer his work and capacity to Argentina, where, with similar conditions of climate, fertile lands which fully compensate the efforts devoted to their cultivation, and all the conveniences attendant upon the most complete civilization, the energetic man will find as adequate if not greater reward for his labor than in any other part of the world.

Permit me incidentally to call attention to the fact that Argentina has unoccupied lands for sale or lease of sufficient area to amply compensate the labor of a population tenfold her present population, and that those lands are suitable for the cultivation of all the products of any climate. Taking only the ten national territories of which the Argentine Republic consists, apart from the fourteen confederated

Provinces, they have at the present time a total area of 81,825,000 hectares, or 202,000,000 acres of excellent land, the property of the Government of the Nation, destined to be leased or sold for private exploitation under exceptionally favorable conditions by the immigrant coming to Argentina with the capacity and energy necessary to work out his future.

Permit me also to call attention to the fact that in Argentina the laws governing immigration are liberal and extend to the immigrant extraordinary facilities for becoming the owner of the land he tills; and that the extensive works of irrigation which have been in course of construction for a number of years, the first-class port accommodations, and an excellent railway service covering over 34,000 kilometers, admits of the successful intensive cultivation of select fruits and vegetables at a profit exceeding that obtainable in the most prosperous agricultural section of the world.

In order better to appreciate the productive capacity of Argentina and the intense and efficient labor found there, attention may perhaps be called to the fact that that country, with a population of only about 9,000,000, all of the Caucasian race, last year exported cereals and other agricultural products to an amount in excess of 400 millions of American bushels, in addition to large quantities of chilled and frozen meats, wool, hides, tallow, and other products of the cattle industry, the total sale price of which exceeded 500 millions of dollars.

May I be permitted, then, to contemplate as a happy prospect for my country the hope that when the already enormous population of the United States shall have increased to the point of absorbing the supporting capacity of its soil, it will be Argentina to which American emigrants will transfer their homes in the search for a commensurate reward for the efforts of their intelligence and their labors.

MUTUAL CONFIDENCE.

With respect to the problems of a financial and banking character, of so much interest to the prosperity of my country, they will be treated in this conference by my colleague on this delegation and distinguished friend, Mr. Samuel Hale Pearson, while I, on my part, will confine myself more particularly to that which relates to the fuller development of the commercial relations between the United States of America and the Argentine Republic.

In discharging the task with which my Government has honored me, I shall seek to set forth as concisely as possible the present state of the commercial relations involved and the measures of a practical character which, in my judgment, might be employed to further the

full attainment of the ends had in view in carrying out the happy idea of holding this conference.

I believe that the concurrence of two essential elements is necessary to an increase of international commerce: That the contracting parties have mutual confidence in each other and that both expect the legitimate profit inherent in every commercial transaction.

It is unnecessary to say anything in regard to the second of these elements, inasmuch as the price from which the profit is to be derived is a consequence of the eternal law governing the offer, and the demand which does not admit of any regulation altering its natural consequences.

But, on the other hand, mutual confidence admits of encouragement, in order to convince the party with whom a contract is entered into, that it is entered into with that good faith which should always be paramount in a commercial transaction.

In all parts of the world there are dishonest merchants, and it is particularly for the purpose of avoiding the consequences of their improper conduct that it is advisable to adopt measures of a legal character to defend those whose conduct is above reproach.

Furthermore, I have personally, in a professional capacity, had opportunity to observe certain deficiencies in the commercial laws in force in the Argentine Republic and in some of the states of your country, which do not favor as they should the situation of the merchant who sells on credit to customers residing abroad.

I likewise believe that it would be advisable to recommend the enactment of legal measures granting the vendor of merchandise a lien thereon for its price as long as the merchandise continues in the possession of the purchaser and can be identified, to which end the removal by the purchaser of the trade or other marks whereby the manufacturer distinguishes his products should be punished as a fraud.

It would also be advisable to save international commerce the delays, expenses, and sundry difficulties arising as a consequence of differences in contracts of an international character, which force the vendor or purchaser to have recourse to the ordinary courts of a foreign and distant country.

It is in pursuance of these ideas that I have permitted myself to draft, for submission to the consideration of the conference, the project of a resolution recommending to the respective Governments the adoption of certain measures tending to inspire and maintain confidence between the merchants of this country and Argentina, and another project providing for the establishment of an international committee of commercial arbitration, to operate in New York and in Buenos Aires, for the purpose of settling equitably and promptly, without judicial proceedings, without stamped paper, and,

if possible, even without the intervention of lawyers, any differences arising through commercial transactions between the residents of the two countries.

INTERNATIONAL TRADE.

I believe that from their respective points of view the interests of the American manufacturer and the Argentine consumer are very similar and it is to their mutual advantage to support each other.

The aim of the American manufacturers, now that their ordinary outlet to Europe has to a certain extent become reduced, must be to increase the number of their customers elsewhere in order to be able to dispose of the excess of their production which formerly went abroad, and also of the possible excess of their production for domestic consumption. On the other hand, the Argentine consumer is vitally interested in obtaining more competition in the offer of goods he is now purchasing, with the hope of obtaining better quality and lower prices.

This is perhaps a good opportunity of letting American manufacturers know that the local Argentine trade is by no means in the hands of Argentinians.

The import trade of Argentina is principally in the hands of the English, Germans, French, Italians, Belgians, and Spaniards (the volume of trade each is doing probably being in the order stated), who, as may be readily understood, prefer to deal with the manufacturers of their respective native countries.

I wish to state that in these last few words the situation is plainly summarized, and they explain why American industry, which can produce almost anything of the best quality and with the best workmanship and material, has not as yet been able to obtain in many lines the trade done by its European competitors.

The United States exports to Argentina but a very small proportion of certain manufactured articles which their industry produces in abundance and which are consumed in Argentina in great quantities.

Woolen textiles, clothing and underwear, shoes, hats, furniture, railroad and tramway supplies, galvanized sheet iron, manufactures of iron and steel, iron pipes, sanitary supplies, kitchen utensils, glass and crystal ware, automobiles, pianos and other musical instruments, as well as numerous other products of American industry, are imported from the United States to my country in very small proportional amounts. It is to be noted as a characteristic case that although Argentina is the greatest coal-consuming country in the world in relation to her population, spending no less than \$40,000,000 gold per annum for that commodity, American coal the production of which is far in excess of domestic needs, does not figure in any

amount worthy of mention among the countries supplying us with that article of prime necessity.

In order to change this state of affairs in favor of the American manufacturer and the Argentine consumer, it is necessary to establish American wholesale importing houses in Buenos Aires and some of the other principal cities of Argentina, and it is for these firms to see about getting orders from the Argentine retail dealers, and in turn give their orders to their own people.

The American local houses should endeavor to become thoroughly acquainted with the needs and demands and customs of the retail trade and with local conditions generally, in order that they may be in a good position to advise the home manufacturers of what the Argentine public wants.

Another, and perhaps easier and more practical form, would be to establish in Buenos Aires one or more large stores for the exhibition and sale of American products. This would put the American manufacturer in more direct touch with the Argentine consumer.

The American manufacturers of products which find an easy sale in Argentina should make the necessary financial arrangements to establish in Buenos Aires the American exhibition suggested, where, under the direction of clever salesmen acquainted with local needs and tastes, American industry could easily compete with European manufacturers, who have heretofore almost monopolized some of the largest lines of the Argentine market.

I might say that there is not the slightest reason why, on similar terms, the Argentine consumer should not buy from the American manufacturer rather than from the European. Quality and low price are the principal factors in Argentina, as they are in all other parts of the world, and these are the very simple ways by which the Argentine consumer can be reached.

I wish to state most emphatically that there is no prejudice in Argentina against American products or American manufacturers, business being merely a question of price, and, of course, the meeting of local conditions. And if it were necessary to dissipate any doubt which may still remain in this particular, it will be sufficient in order to do so to call attention to the fact that the Argentine Government, after having called for and received bids from the principal shipbuilding companies of England, Germany, France, and Italy, decided to intrust to the American naval industry, which presented the best terms, the construction of the two powerful vessels of 28,000 tons each for a contract price of \$25,000,000 gold, and which, under the names of *Rivadavia* and *Moreno*—glorious in the history of Argentina—were recently added to the navy of my country.

But you must always bear in mind that the primary need is for American products to become known to the Argentine consumers; and when this has once been accomplished, there is no doubt at all in my opinion that the Argentine consumer will readily appreciate the products placed before him by the manufacturers of the great Republic of the North.

FAST MARITIME SERVICE.

One of the most important problems relating to the increase of business relations between the United States and Argentina is that which refers to maritime communication.

It is not with a purpose of criticism, but merely to mention a patent fact, that I wish to say that for 25 years past the duration of the trip between Buenos Aires and Europe has been 17 days, and even less, while the voyage between Buenos Aires and New York can not be made at the present time in less than 22 days, and it frequently happens that correspondence between the two ports is not received until 25 or even 30 days have passed.

And, nevertheless, for the proper development of business relations between this country and Argentina, it is essential to establish and maintain a regular service of fast steamers furnishing travelers comforts equal to those which have been furnished for a long time back by the European lines.

I think that everybody will agree that, under ordinary circumstances, a fast maritime service can be obtained only as a natural consequence of an increase in passenger and freight traffic. And I regret to have to say that, in my judgment, the maritime traffic between this country and Argentina has not as yet attained sufficient importance to give a reasonable return on the capital which would have to be invested in order to establish the service in question.

One of the greatest difficulties in the way of obtaining what is sought, is due to the lack of coal in Argentina, which fact compels steamers to purchase a part of their coal there with the additional cost of transporting said fuel from England, which is the country which supplies almost all the coal we consume.

Another equally grave difficulty is due to the scarcity of return cargoes, inasmuch as the exportation of products of Argentina to the United States has been less than the importation of American products to Argentina (\$26,863,732 of Argentine products as against \$52,894,834 of American products during the past year), which has resulted in some of the vessels plying heretofore between the two countries not being able to secure sufficient cargo for their return trip.

But I venture to predict that the two difficulties mentioned are destined to disappear in the not far distant future.

In Argentina there have been recently discovered very important deposits of petroleum, the ownership of which the Government has retained and will not transfer. Their exploitation has already been started in such form that a production of liquid fuel of 200,000 tons for the first year may be counted on in a few months, and which is destined in a few years more to attain proportions which will substitute a large part of foreign fuel. And I am certain that the Argentine Government would be glad to give preference in supplying fuel to the steamers taking charge of a fast maritime service of the first class between my country and the United States.

On the other hand, the extraordinary increase in the population of this country, which is relatively greater than that of its production of food products, must have as a result a progressive and constant increase in the importation of such products from Argentina. It is a well-known fact that during the past few months the commerce of importation of Argentine meats has been initiated with excellent prospects and is destined in a short time to attain a notable development; and it is also to be expected that in the very near future American agriculture will not be able to produce certain cereals in a sufficient amount to provide for its own consumption, and it will then be that Argentine wheat, corn, and flax will be naturally imported to fill such needs.

The present European war also furnishes an extraordinary opportunity for increasing the importation of certain Argentine products which heretofore have been sent principally to some of the belligerent countries.

This increase in the importation of Argentine products has been noted specially in hides; and it is very probable that American industry will consider it advisable to import on a larger scale the wood called "quebracho," which Argentina has heretofore sent in very large amounts to Germany for the extraction of the tannin used so successfully in the tanning industry.

When these promising prospects become converted into facts the obstacles which are the main ones in the way of the establishment of the fast maritime service of which I am treating will have been surmounted.

But it is a fact that the satisfaction of the need of a fast maritime service affects so greatly the interest of both countries that it is probable that their Governments may consider that the opportunity has come for providing the means necessary for obtaining this result immediately and without awaiting it as a natural consequence of the increase in traffic.

The President of the United States, when he delivered in the Pan American Union his address of welcome to the delegates of the Latin Republics, said very specifically that not only rapid means of shipping facilities with South America constitutes a public necessity,

the discharge of which should not be delayed, but that also the Governments of the countries interested in it should give their assistance in every way possible, so that this may be accomplished without any further delay.

I am satisfied that the men who govern my country are of the same opinion as that of your distinguished First Magistrate, and, in fact, it may be that this is an opportune occasion to remember that a policy of furthering or advancing the progress of the nation have precedents in the Argentine Republic, where the National Government has invested large sums in the building of railroads in the southern part of the country where the population is not sufficiently great to immediately bring a return on such investments, and where, consequently, it was not possible to induce private enterprise to take the business in hand. The only purpose of that initiative was the development of sections which are perfectly suited for agriculture or cattle raising, and which could not be undertaken owing to a lack of good communications with the ports.

Therefore, in order to attain the result sought without too much delay, it would be essential for the two Governments interested that either to acquire with their own resources and manage the new fast steamers in question or that they compensate sufficiently any private companies desirous of taking charge of such fast service.

The first form presents, in my opinion, grave inconveniences, as experience has demonstrated in other countries. The public administration is not generally prepared to manage affairs of this character; and, on the other hand, it would not be equitable for the Governments to themselves initiate a strong commercial competition against established navigation companies which have up to the present met the necessities of international traffic as far as possible. I think that I can affirm that the Argentine Government will not consider it advisable to become the owner and manager of a commercial shipment concern.

It is for this reason that I believe that compensation by the Governments to private enterprises is the most convenient form of attaining the result sought.

I wish to note that I have employed the word "compensation" and not "subsidy," in order to avoid any misunderstanding regarding the idea I permit myself to advance.

If a private company should establish a service of communications of the first class, enabling the voyage to be made between the United States and Argentina in 16, or perhaps 15 days, instead of 23, it would have to incur extra running expenses in fuel and personnel for a large amount, apart from the necessary large initial investment of capital; and that capital and those expenses would produce in favor of international commerce the most important benefit of

bringing about the delivery of bills and other documents required by international exchange, of merchandise sent and received, and of the mail exchanged at their respective destinations, one week sooner than is the case at the present time, thus reducing by one-third the loss of time required to cover the distance which separates the two countries.

It is therefore a question of obtaining positive benefits, and when compensation is given it should not be understood that a gratuity is offered to the navigation companies, but that adequate remuneration is given them for a service upon which they are fairly entitled to earn a proper return.

It is in pursuance with these ideas that I have permitted myself to prepare for its consideration a project of resolution tending to meet the necessity so much felt in this country as well as in my own, of a service of maritime communication combining the conditions of speed and comfort called for by an increase in commercial relations; and I am glad to say that said project has deserved the approval of the delegations of Brazil and Uruguay who have agreed in its present wording.

In the meantime, in order to overcome some of the present difficulties which maritime commerce encounters, I believe that it is urgently necessary for the Governments of the countries interested to adopt efficient measures to prevent the delays now often suffered owing to deficiencies in the consular, sanitary, and customs service which we have all had occasion to observe in traveling between Buenos Aires and New York.

And I also believe that it would be most advisable that the Governments of the countries interested take the necessary steps to cheapen the cost of cable communication, as the most efficient means of overcoming as much as possible the difficulties inherent in the long distances which separate some of the Republics of America from each other, especially whilst the fast maritime service is, as it is at present, only a cherished hope.

In this way I have attempted to summarize my small contribution to the labors of the Pan American Financial Conference. In fulfilling my obligation toward the common task, may I be permitted to express my deepest appreciation to the Republics of America who have assembled their representatives for the purpose of considering and elucidating financial and commercial problems that affect their future prosperity. They are thus giving to the world the greatest example of brotherhood and culture, which is so much more worthy of praise if we recall that in some of the oldest European nations, who have heretofore been the leaders of civilization, it would now seem that even the most elementary principles of justice and humanity have been forgotten and even deliberately discarded.

APPENDIX.

GENERAL SUGGESTIONS.

I.

SUGGESTIONS ON PAN AMERICAN UNIFORMITY IN MATTERS AFFECTING THE DEVELOPMENT OF INTERNATIONAL COMMERCE.

1. The adoption of the 25-cent piece as a monetary unit for all the Republics of America.
2. The obligatory establishment in all the Republics of America of the metric decimal system of weights and measures.
3. The suppression in the United States of all import duties on food products of prime necessity.
4. The establishment of the mutual exchange of parcel-post up to a weight of 5 kilograms.
5. The making uniform of documents necessary in international commerce, such as bills of exchange, charter parties, and maritime bills of lading.
6. The making uniform of consular, sanitary, and customs procedure, saving vessels unnecessary delays in ports of transit or destination.
7. The grant to the vendor of merchandise a lien on the goods sold by him for the recovery of the price thereof while in the possession of the purchaser and while their identification is possible.
8. Provision for the punishment as a fraudulent act the action of a purchaser who eliminates the trade or other marks of identification on the merchandise purchased by him, the price of which he has not yet paid in whole or in part.
9. Prohibition and punishment as fraudulent of the pledge or pawn of merchandise the price of which has not yet been paid.
10. The imposition upon the merchant of the obligation of entering upon his books all details relating to the sale by him of merchandise the price of which he has not yet paid.
11. The elimination from the customs laws of the so-called ad valorem duties, or the severe punishment of customs declarations by importers reducing the value of the merchandise imported.
12. The regulation of the registry of trade-marks which are already registered and are well known in other countries.

II.

PRELIMINARY DRAFT OF A RESOLUTION ON INTERNATIONAL COMMERCIAL ARBITRATION.

The Pan American Financial Conference, after due consideration, has resolved to recommend that, by mutual agreement between the Government of the United States of America and the Government of the Argentine Republic, measures be adopted tending to carry into effect the following agreement:

ARTICLE 1. There is hereby established the International Committee of Commercial Arbitration for the purpose of furthering a more effective settlement of any differences arising in connection with the performance of commercial contracts of an international character.

ART. 2. The committee shall consist of two sections, one to be located in the city of New York and the other in Buenos Aires, to be called American Section and Argentine Section, respectively. Each section shall be composed of three regular members and three alternate members, of whom one regular member and one substitute member shall be appointed by the Chamber of Commerce of the United States, another regular and substitute member by the Chamber of Commerce of Buenos Aires, and the third regular and substitute members by agreement between the other two regular members. If no agreement can be reached, the appointment of the third member of each section and of his substitute shall be made by the Chief Justice or President of the respective National Supreme Court.

ART. 3. In order to be eligible to be a regular or substitute member of the committee, it is necessary to be at least 30 years of age and to have been engaged in commerce in the respective country for a period of not less than five years. The term of office of the members shall be two years and they may be reelected. In case of absence, sickness, or some other impediment, the member of the committee subject thereto shall be replaced by the proper substitute in the order of his appointment. Neglect in the discharge of his duties, failure in business, or any other cause affecting his position or standing shall operate to cause a member of the committee to cease in office, upon a declaration to be made by the Chamber of Commerce of the United States or the Chamber of Commerce of Buenos Aires, as the case may be.

ART. 4. Each section of the committee shall have the power to decide any differences arising between residents of the United States and residents of the Argentine Republic in connection with the performance of commercial contracts of an international character. The place of performance of the respective contract shall be taken as establishing the section of the committee upon which it devolves to intervene in the case.

ART. 5. There shall be submitted to the decision of the respective section of the committee all differences which may arise in connection with the performance of commercial contracts of an international character:

(a) Between merchants who are adherents to the constitution of the international committee according to article 12.

(b) Between parties who have so agreed, even though not adherents of the international committee.

ART. 6. Merchants who, either by agreement or by reason of being adherents, are to submit their differences to arbitration by the committee shall forward

to the section of the latter at the place of the performance of the contract a duplicate of the contract and of all the correspondence exchanged in connection with the transaction in which the difference has arisen; and shall, in addition, present all written or oral proof that the said section may require. The transmission of such copies and the presentation of the proof called for shall be made within a term to be fixed by the section.

ART. 7. The definite decisions of the sections of the committee shall be adopted by a majority of the members composing them and must be entered in a book to be kept in the archives of each section. The proceedings had in connection with any arbitration, as well as the documents and evidence presented, shall be exempt from payment of any stamp or other tax.

ART. 8. The arbitral judgment shall be rendered within the shortest period possible, according to the circumstances, and shall contain a concise decision of the case, setting forth what each party is to do, deliver, or pay to the other, with a determination of the period within which the judgment is to be satisfied. The judgment shall be communicated by registered letter to the party residing in the country where the arbitration has taken place, and by cablegram to the party residing in the other country.

ART. 9. If either of the parties should fail to strictly fulfill the arbitral judgment rendered by either section of the committee, the latter shall, on petition of the other party, issue a signed copy of the judgment in question; and this copy shall serve as sufficient basis for the enforcement of the judgment in courts of justice by the proper summary process employed for the enforcement of the final judgments of such courts.

ART. 10. The party who considers himself aggrieved by a final arbitral judgment shall have the right to appeal to the Chamber of Appeals in Commercial Matters of Buenos Aires, or to the equivalent court of New York, as the case may be; and such court shall decide the appeal without further proceeding than the presentation of the written declaration of the appellant to be made within three days after being requested, and the answer of the appellee, to be filed within the next three days. This appeal may be interposed only after the appellant has fully satisfied the arbitral judgment, within the period fixed therein, and provided the appeal is interposed before the section which rendered the judgment within three days after the date it has been fully satisfied.

ART. 11. Either section may order a merchant who has failed to carry out the arbitral judgment or who has failed to do what has been ordered in connection with an arbitration proceeding, to be deprived of the right to effect any American or Argentine customs transaction during such period as the section may establish, without prejudice to the execution of the judgment or of the order made. The same penalty shall be incurred by any third person who shall permit his name to be used for effecting any customs transaction in the interest of one who is deprived of the right of executing it by judgment of either section of the committee; and the collectors of the customhouses shall without further action fulfill the orders communicated to them by either section of the committee according to this provision.

ART. 12. In order to be an adherent to the International Committee of Commercial Arbitration it is necessary:

a) To be a merchant domiciled in the United States of America or in the Argentine Republic.

b) To be presented as a person enjoying an excellent reputation by two merchants who are adherents or in some other form which the section may consider sufficient.

c) To pay the adherence fee of \$10 gold per annum, the amount of which may be increased or reduced by resolution of the committee.

ART. 13. Each member of the committee shall receive as compensation for his services a fixed salary of \$—— per annum. Each section of the committee shall decide the number of employees it requires, and shall fix the compensation of each, as well as the sum necessary to cover its operating expenses. The respective general estimate shall be prepared by each section annually, and in order to become effective shall require the approval of the executive power of the respective country.

ART. 14. Whenever the amount of the adhesion fees is insufficient to meet the expenses of the committee, the deficit shall be paid in equal parts by the countries interested.

ART. 15. The committee shall adopt, according to the opinion of a majority of its members, expressed by letter or telegraph, all measures of common application for both sections, the purpose of which is to assure a more speedy and effective settlement of any differences arising between merchants of the two interested countries.

ART. 16. The Government of each interested country shall in due time prescribe the regulations for the execution of the law which may be enacted to carry into effect this convention and will establish all measures tending to the obtaining of good results.

III.

PROJECT OF RESOLUTION ON FAST MAIL STEAMERS SERVICE.

The Pan American Financial Conference begs to suggest the advisability of calling for bids not later than December 31, 1915, for the establishment of a regular line of fast mail steamers between New York, Rio de Janeiro, Montevideo, and Buenos Aires, under the following conditions:

Steamers to have at least 10,000 tons displacement; to make at least two trips per month; with accommodations for at least 150 first-class cabin passengers; with refrigerating arrangements; and to complete the trip between New York and Buenos Aires, pier to pier, in not more than 15 days.

Bidders to state the compensation demanded and the period of the contract.

As part of the compensation for services rendered said vessels to be exempt for five years from all fiscal charges in the respective countries and to enjoy all facilities granted to any other vessels.

Bids to be acted upon within three months and preference to be given, all other conditions being similar, to whoever will provide for earlier inauguration of the service.

The Governments of the respective countries to agree upon the proportionate charges to be paid by each, and upon all other details.

MEMORANDUM ON THE FINANCES OF ARGENTINA
SUBMITTED BY DR. SAMUEL HALE PEARSON

**MEMORANDUM ON THE FINANCES OF ARGENTINA SUBMITTED
BY DR. SAMUEL HALE PEARSON.**

Having been honored by my Government with the appointment as a delegate of the Argentine Republic to the Pan American Financial Conference, I have thought it might be of interest to all present to listen to a brief statement of the finances of my country, beginning from the earliest years of its independence.

In order to make clear the financial situation of the Argentine Republic, I think it better to begin with the first operation of credit of any importance made by that country, which was a loan negotiated with Messrs. Baring Bros. & Co., of London, in the year 1823, bearing interest at the rate of 6 per cent and $2\frac{1}{2}$ per cent amortization, issued at 90 per cent.

Shortly after this operation was realized the internal political troubles caused the suspension of interest and it was not until many years after, during the administration of our first President, Gen. Mitre, the Argentine Republic resumed the service on its debt, the holders of the bonds receiving their full capital and interest in new bonds. During the years 1883 to 1885 many of the Argentine Provinces issued loans with a view of establishing national banks under a special national law. A number of these States negotiated their loans in Europe, principally with French bankers, but owing to the crisis in 1890 the Provinces suspended service of interest on these loans, the country suffering at the same time during that year a great crisis, and although the National Government did their utmost under the Presidency of Dr. Pellegrini, one of our greatest statesmen, to continue the service in cash they could not do so. At that time our president, Dr. V. de la Plaza, was the financial advisor of the Argentine Republic in London, and under his advice the funding loan was issued to pay service in bonds instead of cash for five years. Before the expiration of that time the country renewed voluntarily the normal service in cash of its entire debt. Shortly after the National Government decided, in the interest of the credit of the country, to make arrangements to assume the loans created by the Provinces, giving national bonds in exchange for the provincial bonds, and withdrew the loans issued by the different Provinces a few years previous.

The same thing was done with the railway guaranties that under national laws were given special guaranties for the construction and equipment of their lines, but with the financial crisis of 1890 these guaranties were not punctually paid, and it was decided to treat this question in a radical way by computing the value of the guaranty and give to the railway 4 per cent national bonds. Fifty million dollars were created for this purpose and are known as national railway bonds, and thus completely reestablishing the credit of the Argentine Republic, which has been maintained during this long period without an interruption, notwithstanding the difficult moments experienced last year all over the world in consequence of the European war and thanks to the able way that our President, Dr. de la Plaza, has controlled the finances of the country.

Nearly all of the loans made by the Argentine Republic were issued under the auspices of Messrs. Baring Bros. & Co., who have been the friends and bankers of my country from the beginning, and are likely to resume the same rôle as favorite bankers to Argentina so soon as normal conditions are resumed in Europe, as they have the sympathy of all the Argentines. Many of our principal loans were issued solely for the construction of railways, water and drainage, port works, and other improvements, all of which belong to the National Government and earn sufficient to pay the service.

American bankers have had little direct negotiations with our country. Messrs. J. S. Morgan & Co., of London, issued a loan jointly with Messrs. Baring Bros. & Co., in 1886-87, and alone issued the funding loan of 1890. Said firm also had a large interest in one of our great railway companies, the Argentine Great Western Railway, which company was organized by them, and is now known as the Pacific Railways.

The only direct loan contracted with American bankers was one for 10 millions of dollars made by the Province of Buenos Aires with Morton, Bliss & Co. in 1882, who took the whole amount cash. This loan, according to the statements of Don Pedro Agote's book on finance, was the first Argentine loan issued at par, and was brought out in the London market. This firm, afterwards the Morton Trust Co., now the Guaranty Trust Co. of New York, I am pleased to say has continued its friendly relations and financial connections with our country, and was the only American banking concern who transacted important business until recently. Since the loan of 1882, the first financial operation of any importance negotiated with the United States banks was an advance for a short period of \$15,000,000 made last year by the National City Bank of New York and its associates, and the new issue made a few days ago by said bank and its associates for a further amount of \$25,000,000.

The primary object was for the purpose of retiring the first advance of \$15,000,000, being part of a loan of \$50,000,000, of which Messrs. Baring Bros. & Co., of London, issued the other half in London. With this loan for five years, a number of small advances have been retired.

La Caja de Conversion was created by national law in the year 1896 for the purpose of controlling the emergency of the country, its duties being the exchange of used notes for new; the receiving of gold and issuing paper money for its legal value, which is 44 cents (gold) per dollar; to receive back the paper, giving gold at the same rate; and having the exclusive control of the printing and issuing of the currency of the country. When the Caja de Conversion was created the circulation of currency in this country was about 300 millions, but to-day we have about 600 millions; the gold value is about 425 millions, and against this there is in the vault nearly 300 millions, about 70 per cent of the notes issued.

BANKS.

Having explained how our country has negotiated its external loans, it may be interesting for you to know a little of our banking system.

In the early years of our independence a number of banks were established, but the principal one was the old Bank of the Province of Buenos Aires, founded in the year 1802. This bank was a bank of issue, having fiscal privileges, and became a very powerful institution, being the pioneer and founder of the wealth of our country; it used to loan its money at low interest, with a 5 per cent amortization each three months to the farmers and owners of land, enabling them to convert their lands into our fine ranches of to-day. This is how the principal landowners of our country have made their fortunes. This bank had close relations with Messrs. Baring Bros. & Co., and became very powerful, having large credits in London and controlling the exchange market for many years. The financial and political crisis of 1890 caused a suspension of this powerful institution, and it was some years before it was reorganized with a capital of \$30,000,000, being to-day half owned by the Province of Buenos Aires and half by private shareholders.

In the year 1873 a group of wealthy citizens organized a national bank, the Government contributing half of the capital, and for many years this was a powerful institution, helping the development of all our industries in the Republic, such as the sugar in Tucumán, the wine industry in the Provinces of Mendoza and San Juan, and agriculture in the Province of Santa Fé. This institution also experienced the same financial difficulties as the Provincial Bank of Buenos Aires, owing to our crisis in the year 1890, and it was under

Dr. Pellegrini's administration in the year 1891 that the Banco de la Nacion Argentina was created, with a capital of 50 million dollars currency (this bank taking over the liquidation of the Banco Nacional). It is an entirely official bank, and has in one of the articles of its law of creation a clause that all the net profits are to be applied to the increase of its capital. To-day it has reached the sum of 128 millions of dollars, equivalent to over 60 millions United States gold, and has besides a reserve fund of $14\frac{1}{2}$ millions in gold. It is managed entirely independent of the Government. The directors are named by the President of the Republic, requiring confirmation by the National Senate. It has over 150 branches in the Republic, and is constantly increasing them, following the growth of the nation. It has no agencies abroad, although its financial relations with the principal banks and bankers of the world are being increased every year, now having very friendly relations with some of the principal banks of the United States. Its deposits have reached over 300 millions gold, and during the universal financial difficulties of last year it helped commerce and industry of the Republic, which would have suffered greatly with the restriction of European credits caused by the war.

Besides the Bank of the Nation and the banks of the Province of Buenos Aires, to which I have referred, we have several private banks formed solely with Argentine capital, which are very prosperous institutions and have been created as the requirements of the country demanded, such as the Banco Español and Banco de Italia del Rio de Plata, whose combined capital is over \$80,000,000 (gold). Besides we have several foreign banks which have taken a very important rôle in the formation of the trade of our country. One of our first foreign banks was the Bank of Maua, established in Buenos Aires and Montevideo about 1855, now liquidated. The London and River Plate Bank was established in the year 1862 and continues being the principal foreign bank. Since that date we have the London-Brazilian Bank, the British Bank, Anglo-South American Bank, two German banks, and several other banks, including Italian, Spanish, and Dutch, with a total capital of about \$300,000,000, and the last established being an agency of the National City Bank of New York.

It may also be interesting to make a few remarks with regard to the National Mortgage Bank, which is a Government institution managed by a board of directors named by the President of the Republic, with the approval of the Senate. This institution issues national cédulas (mortgage bonds), which are guaranteed by real estate and can only be granted by giving 50 per cent of the value of the lands. Loans are limited to \$250,000 to any one person.

These *cédulas* are valuable bonds and bear interest of 5 and 6 per cent. Besides the guaranties above mentioned, the bank being a national institution has also the guaranty of the Argentine Republic. Some of the first issues were of 7 per cent, but all have 1 per cent amortization. They are principally held in Belgium, having been one of the favorite investments of the Belgian public. The total amount of *cédulas* issued is in the neighborhood of 200 millions. Several English, French, and Belgian mortgage companies have branches. These companies pay cash and issue their own bonds in their respective countries.

The following statistics may be of additional interest to you. In 1913 the international commerce of the Argentine Republic totaled \$996,216,000. Its population that year was 7,731,257, and its resources \$129 per capita. The imports of Argentine products into England amounted to \$173,892,580 (gold) against exports of that country into the Argentine Republic of \$117,151,230 (gold). During the same year the United States imported \$26,863,732 (gold) against exports of \$52,894,834 (gold), leaving a trade balance in favor of the United States of \$26,031,102. The principal imports of the Argentine Republic from the United States consisted of iron, wood, oils, and implements. There are 163 banks, with a total capitalization of 300 millions of dollars, of which one-third is the capital of the Banco de la Nacion. Of these 163 banks, 25 are foreign. In 1857 the railroad mileage was 6 miles, costing \$285,108; in 1913 it was 20,100 miles, costing \$1,210,000,000. The number of passengers carried was 80,000,000, and the amount of freight 43,000,000 tons. Refrigerating concerns in 1885 had a capital of \$6,684,000, while in 1913 this was increased to \$54,000,000. Argentina produced 280,000 tons of sugar in 1913, of which 105,000 tons was exported. The area of land under cultivation is 93,015 square miles, and its products are as follows: Flour, 1½ million bushels; wheat, 104 million bushels; oats, 61 million bushels; maize, 190 million bushels; linseed, 40 million bushels.

MEMORANDUM SUBMITTED BY THE CHILEAN DELE-
GATION ON QUESTIONS SUGGESTED BY THE
SECRETARY OF THE TREASURY FOR
THE CONSIDERATION OF THE
GROUP COMMITTEES

**MEMORANDUM SUBMITTED BY THE CHILEAN DELEGATION ON
QUESTIONS SUGGESTED BY THE SECRETARY OF THE TREAS-
URY FOR THE CONSIDERATION OF THE GROUP COMMITTEES.**

I. PUBLIC FINANCE.

In addition to provision for the ordinary requirements of administration and defense, 12 per cent of the entire budget is assigned to public instruction and considerable sums are annually provided for the development of a water and drainage system in the principal cities of the Republic and for the construction of port works, which, when completed, will represent an outlay of over \$70,000,000 Chilean gold, equivalent approximately to \$26,000,000 United States gold.

The revenue and expenses of the country have increased in proportion to the general development of commerce, agriculture, and other industries, as can be seen by the following figures:

Income and expenses in 1894.	Pesos of 18d.	United States currency.*
Income.....	71,180,200	\$25,945,000
Expenses.....	56,898,000	20,739,000

*Approximately.

Twenty years later, in 1913, the last normal year before the war, the fiscal revenue of Chile amounted to \$262,270,446.65 paper money, and \$67,806,984.71 gold of 18d. Reducing at the rate of 10d. the paper money, that amount would mean \$77,575,000 American gold.

The budget for 1914 amounted to \$252,626,967 paper money, and \$121,768,583 gold of 18d., equivalent in total to \$95,542,000 American gold.

As a consequence of the war in Europe, the fiscal budget for 1915 has been reduced to the following figures: \$184,091,845.32 paper currency, and \$81,127,639.33 gold of 18d., or a total of approximately \$63,362,000 American gold.

The following tables show a classification of revenue and outlay in 1913 and 1914:

REVENUE IN 1913.

Source.	Paper money.	Gold 18d.
Custom receipts:		
Imports.....	\$56,440,899.49	
Exports—		
Nitrate.....		\$90,128,620.73
Iodine.....		554,953.50
Other items.....	4,829,087.90	195.00
Total.....	61,269,987.39	90,683,769.23
Posts and telegraphs.....	6,646,414.37	
Mint.....	392,512.93	.19
Railroads.....	69,424,874.43	
Other ordinary receipts.....	27,217,036.27	6,068,958.47
	164,950,825.39	96,752,727.89
Extraordinary receipts:		
Overcharge in import duties.....	42,957,995.49	
Guano.....		412,724.12
Total.....	207,908,820.88	97,165,452.01

BUDGET FOR 1914.

Expenditure.	Paper currency.	Gold 18d.
Interior department (police, post and telegraph services, steamship services, hygiene, hospitals, and benevolent institutions).....	\$53,635,441.00	\$549,399.00
Foreign affairs department (diplomatic and consular services, colonization offices, subsidy to the church).....	4,722,708.00	1,510,146.00
Justice.....	10,651,649.00	
Public instruction.....	38,993,906.00	344,118.00
Treasury department (account departments, treasuries, customhouses, internal-revenue department, and foreign debt).....	18,040,995.00	60,401,310.00
War department.....	39,612,402.00	451,172.00
Navy department.....	18,828,026.00	35,736,518.00
Industry and public works department (technical schools, agricultural and industrial promoting offices, public works).....	25,367,552.00	221,256.00
Railways department.....	42,774,288.00	22,554,664.00
Total.....	252,626,967.00	121,768,583.00

The European war has had a serious but temporary effect upon Chilean revenues. The chief article of export—nitrate of soda, virtually a Chilean monopoly—is employed chiefly as a fertilizer, but also used largely in the manufacture of acids and explosives. The increased demands for the latter purposes do not offset the curtailed demand for agricultural purposes, and exports have accordingly fallen off considerably. In normal times the production exceeds 5,000,000 Spanish quintals per month, which is more or less the quantity exported, the exports in 1913 having totaled 2,700,000 tons, about 60,000,000 Spanish quintals, and were on an ascending scale. An export duty of 2s. 4d. per quintal is levied on this commodity, which in 1913 yielded more than £7,000,000 revenue to the Government. As an immediate effect of the war, the production and export fell off to about 2,000,000 quintals per month, but the conditions, however, of production and export are gradually improving.

Customs duties are the second largest source of revenue, and they have also been diminished by a curtailment of imports as a result of the war.

With the utmost economy in public expenditure it is evident that it can not be brought promptly within the revenue while this is so largely (although temporarily) reduced, and that facilities will be required to meet the deficiencies. The credit and borrowing capacity of Chile, however, are not affected by prevailing conditions, since the nitrate deposits constitute, as has been previously stated, a monopoly of that necessary commodity, and the Government nitrate fields, held in reserve, represent a practically inexhaustible supply.

Apart from its resources in nitrate deposits, the Government owns vast lands in Patagonia and Tierra del Fuego, which are rented for sheep farming on an extensive scale. These lands, together with the trunk system of railroads owned by the Government, represent in value much more than the foreign debt.

As shown by the budget for 1915, the principal measure adopted to meet the disturbances caused by the war on the public revenue is economy in public expenditures.

The Government has also appointed a special commission to study, in connection with the interests represented by the London nitrate committee and with the nitrate dealers, a plan of centralization of sales to encourage the increase of nitrate consumption by keeping permanent stocks in the principal markets and assuring, as far as possible, the stability of prices.

From July, 1914, to February 28, 1915, 18,405,419 Spanish quintals were exported, as compared with 42,027,526 from July, 1913, to February, 1914, and 42,263,589 from July, 1912, to February, 1913.

MINERAL RESOURCES.

The copper output of Chile is increasing, owing to the development of large copper properties, notably the Braden copper mines and the prospective output of the Chuquicamata mines, in both of which properties North American capital to the extent of some \$39,000,000 is invested. The Bethlehem Steel Co. is developing iron mines in the Coquimbo district, at an estimated outlay of \$15,000,000 United States gold or more.

Coal is found in various sections of the country, but the principal mining center is the coastal region south of the River Bio Bio, as far as the port of Lebu. Deposits have been found still farther south, and in Punta Arenas a mine is worked for the steamers and local consumption. The coal fields of the Province of Arauco cover

618 square miles, and it is estimated that they contain over 1,800,000,000 tons. The coal mining companies have invested in this industry over \$7,500,000 United States currency and now produce over 1,000,000 tons of coal per year.

Of the coal and other Chilean industries the report of Mr. Otto Wilson contains valuable information.

The consumption of nitrate of soda in the United States is showing more gratifying progress than in any other country. In 1905 the United States consumed 272,500 tons of nitrate, at a value of \$9,306,577 United States gold, increasing as follows:

Year.	Tons.	Value.	Year.	Tons.	Value.
1906.....	373,942	\$13,115,725	1911.....	528,435	\$16,244,812
1907.....	332,679	13,595,458	1912.....	475,560	15,123,210
1908.....	323,543	12,277,964	1913.....	573,773	19,942,419
1909.....	329,124	11,296,083	1914.....	561,209	17,808,763
1910.....	538,119	16,225,296			

The immediate effect at the outbreak of the European war was to curtail the export not only of nitrate of soda but of copper and other products of Chile. It also resulted for a time in the refusal to accept and pay bills of exchange in London drawn against shipments of nitrate of soda, and the reflex effect of this situation, leading to a moratorium in London, upon financial conditions in Chile, prompted the Government to declare a 60-day moratorium there.

II. MONETARY SITUATION.

The monetary system of Chile is founded upon a law of 1895 fixing the basis of the peso as 18d. sterling. In 1898 the issue of paper money was authorized, the amount in circulation at present being \$150,000,000, for the redemption of which the Government has a deposit at its credit in European banks which amounted on December 31, 1913, to 105,949,222.83 Chilean gold pesos of 18d., or approximately £7,950,000, and which has since been increased by the accrued interest. In obedience to a demand for elasticity in the circulating medium, a law of May, 1912, created the Caja de Emisión, a special organization for the issue of paper currency to be delivered to the banks against a deposit in cash of 12d. sterling per peso. By this means the banks are able to obtain currency to meet the requirements of commerce, and many difficulties have been overcome, including those incident to the outbreak of the war, which caused at first a heavy claim upon this facility. Now things have been brought back to normal conditions.

Prior to the war both branches of congress had agreed upon a project to give stability to the value of the paper currency, adapting

to the conditions of Chile the system known by the name of gold-exchange standard, and taking as a basis the average value of the peso over a series of preceding years, viz, 10d. per peso. To provide for emergency necessities, a central financial institution was designed, which would also regulate relations between the Government and the banks, as well as between the banks themselves. The dictates of prudence, under the conditions brought about by the war, forbade the adoption of this new system at that time. Had it been adopted, however, it is evident that, after providing for the redemption of the entire circulation of paper, it would have left a considerable surplus to the Government.

Notwithstanding the recommendation of the first Pan American Congress in favor of a uniform international monetary system, the Chilean delegation regards it as extremely difficult to adopt a uniform basis of value in view of existing conditions and of the diverse basis already adopted by many of the South American countries, for the most part with relation to the pound sterling. It would be necessary to readjust the entire system of finance, both internal and external.

III. THE PRESENT BANKING SITUATION.

The war in Europe has had no effect upon the stability of the banking system in Chile. The banking law of 1860 remains in effect, except as to the power it gave banks to issue notes, and which was canceled many years ago. Foreign banks duly incorporated may open branches in Chile. There is, however, at present a project of law requiring them to invest or maintain in Chile the capital they declare for use in the country, and limiting the deposits they may receive in proportion to such capital. At present there are 22 Chilean deposit and discount banks, with about 200 branches distributed through the country. There are also 6 foreign banks doing business in Chile, each having many branches.

The following table shows the financial movement for the year ending December 31, 1913:

CHILEAN BANKS.

Statement.	Paper money.	Gold, 18d.
Deposits.....	\$316,055,823.55	\$33,041,352.93
Capital.....	142,271,047.00	502,000.00
Profit and loss.....	10,587,134.61	50,063.57
Cash.....	51,595,617.35	6,759,589.59
Discounts, loans, and advances.....	453,318,217.84	25,494,440.42

FOREIGN BANKS.

Statement.	Paper money.	Gold, 18d.
Deposits.....	\$94,604,919.33	\$28,060,408.87
Capital.....	16,639,207.92	8,267,973.85
Profit and loss.....		
Cash.....	14,853,229.42	2,004,020.93
Discounts, loans, and advances.....	137,797,622.09	31,220,208.17

For the year ending December 31, 1914:

CHILEAN BANKS.

Statement.	Paper money.	Gold, 18d.
Deposits.....	\$313,138,171.18	\$40,341,725.44
Capital.....	188,477,340.33	2,121,035.99
Profit and loss.....	9,337,406.61	44,992.33
Cash.....	76,831,730.05	5,997,985.45
Discounts, loans, and advances.....	418,613,893.94	16,715,243.01

FOREIGN BANKS.

Statement.	Paper currency.	Gold, 18d.
Deposits.....	\$78,415,724.82	\$28,327,621.54
Capital.....	27,632,312.91	3,267,973.85
Profit and loss.....		
Cash.....	30,611,968.69	2,222,068.00
Discounts, loans, and advances.....	93,898,825.28	32,519,997.35

The foregoing comparison of 1914 with 1913 shows that the European war caused no impairment to the integrity of the banking situation, notwithstanding the fact that the foreign banks were constrained to remit to their home establishments the greater part of the funds that they had in the country.

The Caja de Crédito Hipotecario is an official institution, organized under a law of 1857, primarily to assist agriculture by making loans on real estate for long terms. The same law authorized the formation of private institutions of similar character, fixing regulations for their loans. The operations for these institutions up to the end of the year 1913 is set forth in the following table:

Bonds issued.

Name of institution.	Chilean paper currency.	Francs.	Pounds sterling.
Caja Hipotecaria.....	253,098,100	107,038,500	626,790
Banco Hipotecario de Chile.....	110,076,500		
Banco Garantizador de Valores.....	44,841,500		
Banco Hipotecario de Valparaiso.....	11,833,000		

Savings banks in Chile are of relatively modern origin, but shows substantial development. Twenty years ago the total deposits were \$4,654,216, while in 1914 they exceed \$100,000,000. The statement as of December 31, 1913, is as follows:

Amounts deposited.

Name of institution.	Depositors.	Paper currency.	Mortgage bonds.	Totals.
Caja de Ahorros de Santiago.....	153,066	\$25,929,814	\$3,497,577	\$29,427,391
Caja Nacional de Ahorros, which has 115 branches throughout the country.....	359,622	57,032,670	3,020,613	60,053,283
Caja de Ahorros de Empleados Públicos (civil service clerks).....	7,650	5,331,056	.....	5,331,056
Sociedad Protección Mutua de Empleados Públicos.....	3,540	2,586,058	.....	2,586,058
Caja de Ahorros de los Ferrocarriles del Estado (State Railways).....	4,359	2,034,150	.....	2,034,150
	528,237	\$92,913,748	\$6,518,190	\$99,431,938

Should such restrictions upon the operation of foreign banks in Chile as are contemplated in the project of law referred to become effective, it will not affect the volume of business between Chile and the United States, as it is expected that the Chilean financial institutions will come into closer contact with financial institutions in the United States and cooperate to mutual advantage.

IV. THE FINANCING OF PUBLIC IMPROVEMENTS.

The national public debt of Chile consists of nine loans of $4\frac{1}{2}$ per cent interest, originally amounting to £16,395,500; of seven loans at 5 per cent, the primitive value of which was £22,655,000; of one loan of $5\frac{1}{2}$ per cent, originally of £200,000; and of one 6 per cent, originally of £149,000.

Total, 18 loans, the aggregate of which is £39,399,500, reduced now through annual sinking funds to a little over £33,000,000. The exact figure of December 31, 1913, was £33,912,340.

Of these loans, two were floated in Germany, one in Paris, one in Chile, and the rest in London. The highest price of issue was 101 $\frac{3}{4}$ for the $4\frac{1}{2}$ per cent loan of 1889, and the lowest 89, for the $4\frac{1}{2}$ per cent loan of 1885.

Here is a summary of the external debt of Chile, which is reproduced from the South American Hand Book, recently published by the National Foreign Trade Council, after correcting small errors and omitting the two last items which, although referring to bonds issued under guaranties from the Government, do not belong to the national debt but to private companies:

Summary of debt of Chile.

Government debt (external).

Year.	Rate of interest.	Sinking fund.	Name of loan.	Original amount.	Amount outstanding.	Issue price.
	<i>Per cent.</i>	<i>Per cent.</i>				
1885	4½	½	Chilean Government 4½ per cent loans of 1885	£808,900	£531,100	89
1886	4½	½	Chilean Government 4½ per cent loans of 1886	6,010,000	4,206,700	98½
1887	4½	½	Chilean Government 4½ per cent loans of 1887	1,160,200	817,500	97½
1889	4½	½	Chilean Government 4½ per cent gold loan of 1889	1,546,400	1,223,640	101½
1892	5	½	Chilean Government 5 per cent loan of 1892	1,800,000	1,447,300	95
1892	6	1	Chilean Government 6 per cent international loan of 1892	149,000	90,520	.....
1893	4½	½	Chilean Government 4½ per cent bonds of 1893	630,000	495,700	.....
1895	4½	½	Chilean Government 4½ per cent loans of 1895	2,000,000	1,661,300	93½
1896	5	½	Chilean Government 4½ per cent loans of 1896	4,000,000	3,436,700	95½
1896	5½	2	Pennulas loan	200,000	74,400	.....
1900	4½	½	Chilean Government 4½ per cent Coquimbo Railway bonds	265,000	222,160	.....
1905	5	1	Chilean Government 5 per cent loan of 1915	1,350,000	1,256,700	95½
1906	4½	2	Chilean Government 4½ per cent gold loan of 1916	3,700,000	2,981,220	94½
1909	5	½	Chilean Government 5 per cent loan of 1909	3,000,000	2,934,700	96½
1910	5	1	Chilean Government 5 per cent loan of 1910	2,600,000	2,517,040	99
1911	5	1	Chilean Government 5 per cent loan of 1911, first series	4,905,000	4,802,180	98½
1911	5	1	Chilean Government 5 per cent loan of 1911, second series	5,000,000	4,948,200	98½
1911	4½	1½	Chilean Government 4½ per cent bonds (Copiapo Railway bonds)	275,000	265,280	.....
Total external debt of Chilean Government				£39,399,500	£33,912,340	.....

There have also been placed in London £2,000,000 in treasury notes.

Besides, the Government of Chile has guaranteed a private loan of the Iron Smelting Co., of Corral, for £525,000; the bonds issued by the Transandine Railway Co., aggregating a sum of £1,450,000; and also, the bonds issued by the Longitudinal Railroad contracting companies, the approximate value of which is £7,000,000. The bonds for £2,218,413, which appear in the last two items of the table of the National Foreign Trade Council, are part of this last amount.

In Chile the street tramways and the electric and gas lighting systems are private enterprises. The railroad system of the country, except the nitrate railways, the Antofagasta Railway, which traverses Chile en route to Bolivia, the railway belonging to the Arauco Co., and some few small railways serving private interests, is, as already stated, Government property. The Chilean Steamship Co., which operates a line of Chilean steamers along the Pacific coast up to Panama, with little or no aid, at present, from the Government, is a private enterprise.

The waterworks at each locality, although often constructed by the Government, is the property of the municipality it serves, so that the Government has no concern with the financing of public utilities except when it guarantees the obligations of a Province or a municipality. At the present time the Valparaiso waterworks is seeking a loan of £100,000. Three years ago a £250,000 loan was issued in London on exceptionally favorable terms. This loan offers a special pledge of the water revenues and is guaranteed by the Government, but so far no interest has been manifested in the United States in the business.

Chile is not a federal country, and consequently there are no State or Province debts. Notwithstanding this, from time to time, municipal bodies are authorized by law to float loans for the purpose of building public works. The amount of the outstanding municipal loans is as follows:

Municipal loans (external).

Year.	Rate of interest.	Sinking fund.	Name of loan.	Original amount.	Amount outstanding.	Issue price.
	<i>Per cent.</i>	<i>Per cent.</i>				
1894....	5½	2	City of Valparaiso 5½ per cent loan.....	£200,000	£74,400	94
1912....	5½	2	City of Valparaiso 5½ per cent water-board loan.....	250,000	244,200	99
1913....	5	2	City of Vina del Mar 5 per cent bonds....	200,000	198,440	95½
1912....	5½	2	City of Concepción 5½ per cent sterling loan of 1912.....	100,000	99,000	100
1913....	5½	2	City of Concepción 5½ per cent sterling loan of 1913.....	50,000	50,000	100
Total external debt of municipalities.....				£800,000	£666,040	.....

The internal debt of Chile is given below:

Treaty of peace with Bolivia (of 18 d.).....	\$5, 822, 535. 00
Paper money issued by the Government.....	150, 000, 000. 00
Municipal debts taken by the Government.....	9, 232. 28
Censos redimidos (permanent debt).....	30, 450, 431. 46
3 per cent internal loan of 1837.....	1, 594, 772. 06
Outstanding notes of paper money previously issued.....	863, 803. 50
Treasury notes.....	2, 600. 00
	<u>\$188, 743, 374. 30</u>

The principal item of the internal debt is the paper money issued by the Government, which is guaranteed, as already said, by the conversion fund accumulated in Europe.

The funds proceeding from external loans have been principally devoted in Chile to railroad construction and public works. The railroads in Chile belonging to the State represent 5,207 kilometers. They are worth over £30,000,000.

The operating of the State railways was a source of losses for the Government during some years, but the new organization given to them as an industrial enterprise and the revised tariffs, which are in force since the middle of last year, have modified very favorably the situation, and now the Government not only does not incur a deficit, as before, but derives from the railways an income which is rapidly increasing.

At present there are under construction in Chile 21 railroad lines or sections thereof, with a total length of 2,301 kilometers.

In Chile the Government builds also bridges and roads, irrigation works, water-supply works, port and fluvial works, drainage and harbor works. The works of the port of Valparaiso, undertaken by the English firm of Pearson & Sons, represent a total value of £2,500,000.

In the port of San Antonio works are now being completed, the value of which is £750,000.

In Talcahuano there is work done in the military port, worth £2,000,000, and a dry dock, large enough for the greatest ships afloat, is now being constructed there.

Besides the value of its railroads, the State owns in Chile the extensive land situated around the Straits of Magellan that are rented for sheep-breeding purposes. In the north the State owns the nitrate fields of indeterminate but very considerable value. In the balance sheet of the public treasury the unestimated State properties figure for £45,000,000.

There is no relation between the decline of public revenue and the service of its foreign debt by Chile. Default in such service has never occurred in time of peace or in time of war or even during the civil war of 1891.

The service of the external public debt of the country originates an annual expenditure of £2,218,755. The fiscal revenue in gold in 1913—last normal year—amounted to \$67,806,984.71, after deducting the gold that was sold and converted into currency to defray expenditures in Chile. This amount is equal to £5,085,523. Consequently, with less than half the gold revenues, the service of the public debt is attended to, and there remains free, for the ordinary necessities of the administration, the remaining portion of the gold receipts and all the revenues collected in paper currency, which in 1913 amounted to \$262,270,446.65.

There are definite projects for the construction of the ports of Arica and Antofagasta, both of great importance, because they are auxiliaries of the Bolivian trade, a country to which they are connected by railroad lines.

If American capital should interest itself in those works it would be possible to adopt either one of these two systems:

- (a) Payment of the work in Chilean Government bonds; or
- (b) Exploitation by the constructing company of the works during a certain number of years.

V. THE FINANCING OF PRIVATE ENTERPRISES.

As has already been said, the greater part of the Chilean railroads belong to the State. Those belonging to private enterprises are altogether of 2,872 kilometers in length, not including the electric lines between Santiago and San Bernardo and between Concepción and Talcahuano. It is advisable to mention that the Chilean Government has seriously devoted its attention to the electrification of the different sections of the railroads, where the traction used has been up to the present that of steam locomotives. To that effect it was resolved to invite the American and European capitalists to interest themselves in those affairs and to send in their respective tenders, but that plan has been temporarily postponed by reason of the war.

The street cars belong entirely to private enterprises and have cost \$56,000,000 of 18d.

The telegraph, with a total length of approximately 25,000 kilometers, belong almost entirely to the State.

The telephones, on the contrary, belong to private enterprises and have been installed at a cost of about \$12,000,000 Chilean currency. They have 60,000 kilometers of telephonic lines.

Also of private individuals or corporations are the gas companies, those of electric lighting and the power plants, that by reason of the natural conditions of the country are able to produce a practically unlimited amount of power.

The extension of agricultural lands actually in operation in Chile is of 280,000 square kilometers, in which there are 1,000,000 hectares, flat and irrigated; 4,000,000 hectares are susceptible of irrigation, constituting a very propitious ground for productive investment of American capital. There are also 16,000,000 hectares, more or less, of natural forests, and 5,000,000 of natural prairies in Magellan. The forests of Chile are not only valuable on account of the excellent and various woods available, but also because they can furnish very considerable amounts of good pulp used in the paper manufacturing industries.

The financial help necessary for agricultural exploitation is principally obtained from the local credit and discount banks, from the mortgage institutions, and from the advancements that the exporting houses—English and German in the greater part and sometimes American—make against harvests.

The principal agricultural products in Chile are, so far, wheat, barley, oats, beans, potatoes, and grapes that give wines of excellent quality. The cattle industry furnishes beef sufficient for the domestic consumption, and no less than 5,000,000 sheep permit us to export wool and refrigerated meats. The industry of preserving vegetables and fruits has been very successfully initiated and has obtained a very powerful development; and the opening of the Panama Canal will doubtlessly allow a considerable increase in the trade of fresh vegetables and fruits, if, as we expect, there are transportation facilities established between the United States and South America, as this trade will be favored by the circumstance of winter of the Northern Hemisphere corresponding to the summer in the southern and vice versa, thus enabling the American markets to be supplied during the season in which they lack of those commodities.

There is in Chile no law of warrants, and it would be convenient to recommend it as a means of cooperating to the industrial and agricultural development and to furnish convenient collateral as security for commodity loans.

It can not possibly be the object of this brief sketch to indicate the reforms that could be introduced in order to assure the greater uniformity in laws relating to commerce, or to procure the uniformity of the customhouse classification, or to protect trade-marks; but, as this delegation acknowledges the great importance of any measure directed to this object, it wishes to recommend the appointment of a permanent international commission to which this complex labor could be assigned.

VI. THE EXTENSION OF INTERAMERICAN MARKETS.

Chilean merchants are accustomed to long terms of credit accorded by European interests. Six months' credit is freely extended by European houses located in Chile. Formerly North American houses conducted their business on the basis of 30 days' credit, but latterly have extended the term of credit to 90 days, or 3 months. It appears that the banking systems of Europe favor the liberal terms by facilitating their foreign houses, whereas banking in the United States has not taken cognizance of this requirement of foreign trade nor steps to facilitate its export commerce. It is understood, however, that this subject is now engaging the attention of the bankers in the United States.

Efforts are also being made, and will receive all possible assistance from the Chilean authorities and banks, to establish a market for dollar exchange in Chile. To accomplish this purpose, however, a

constant demand for a supply of dollar drafts, just as there is and always has been a constant supply and demand for sterling drafts at fluctuating rates of exchange, will be necessary. There may be a large supply of dollar drafts offering at one time, but if it does not coincide with the demand for such drafts their value is a matter of computation, taking sterling as a basis.

The war in Europe necessarily curtails the facilities which Central and South American countries are accustomed to seek in European financial centers. This affords an unusual opportunity for the United States to substitute facilities, and should the trend of finance be diverted from London to New York in an appreciable degree dollar exchange will measurably replace sterling exchange.

The following table, reproduced from a handbook just published by the Pan American Union, shows the articles which constitute the imports of Chile.

The imports, in Chilean currency, by major groups of articles for the years 1909, 1910, 1911, 1912, and 1913 were as follows:

Principal imports.

Merchandise.	1909	1910	1911	1912	1913
Textiles.....	\$23,101,983	\$29,117,833	\$28,711,215	\$29,935,942	\$28,047,666
Mineral products.....	16,844,208	18,825,139	25,026,353	21,794,433	22,275,078
Coal and oils.....	16,570,731	18,778,813	18,994,043	17,998,738	19,825,175
Machinery, hardware, carriages, etc.....	10,308,871	9,512,876	15,523,277	16,156,432	14,961,485
Vegetable products.....	10,509,425	11,854,304	13,130,294	13,225,745	13,933,916
Animal products.....	10,065,369	9,142,415	12,540,880	9,056,776	7,848,276
Paper, and manufactures thereof.....	2,535,937	3,360,852	4,053,092	3,425,025	3,581,029
Wines, liquors, and other beverages.....	1,931,337	2,583,964	2,672,152	3,179,733	2,193,936
Chemical and pharmaceutical products, and toilet articles.....	2,020,430	2,335,554	2,735,636	2,942,523	2,041,045
Arms, ammunition, and explosives.....	828,929	1,598,488	1,472,222	1,104,557	1,410,818
Miscellaneous.....	842,988	1,472,541	2,522,315	3,256,090	3,155,576
Total.....	95,660,208	108,582,279	127,381,479	122,075,994	120,274,000

The Chile gold peso is taken as equal to \$0.365 United States gold. The United States gold dollar is taken as equal to 2.740 pesos gold. These figures are partly from the President's message, partly from advance consular reports. They may be slightly modified later.

The imports, in United States gold, for the years 1909, 1910, 1911, 1912, and 1913, by principal countries of origin, were as follows:

Countries.	1909	1910	1911	1912	1913
United Kingdom.....	\$31,879,250	\$34,340,573	\$40,805,052	\$38,616,886	\$36,028,311
Germany.....	22,646,662	26,296,071	32,696,171	33,189,070	29,579,180
United States.....	9,636,402	13,369,774	15,775,969	16,806,341	20,090,266
France.....	5,661,502	7,010,929	6,931,714	7,261,061	6,623,252

The Chilean delegation will call attention to the necessity of extending and broadening the facilities that banks in the United States now afford, for acceptances, discounts, and rediscounts, and will move also that bonded warehouse warrants and receipts be adopted as a

means of providing collateral securities for the development of international commerce.

The custom tariff of Chile enforced by law No. 980, of 23d of December 1897, is based upon a general ad valorem duty of 25 per cent and in two exceptional higher rates of 60 and 35 per cent, and two lower rates of 15 and 5 per cent. There are also some goods on which a specific duty is levied, and others free of duty.

The protective duty of 60 per cent applies to some commodities, the manufacture of which the law intends to promote in Chile, and that of 35 per cent to other similar articles and to luxuries, or merchandise that can not be considered a necessary of life.

The lower rates of 15 per cent and 5 per cent are chiefly applied to goods required for the industrial development of the country. motor cars being included under the 15 per cent tax.

Such articles as tobacco, wines, sugar, salt, etc., are subject to specific tax, and finally a great number of commodities, such as coal, agricultural and industrial machinery, printing paper, and others, not less than 118 in number, were absolutely free of all duty until recently. Law No. 2641, dated February 12, 1912, was passed reducing the number of articles exempt from duty for a limited period and placed a tax of 5 per cent on them. An additional 5 per cent is also imposed on all goods according to previous classification.

VII. MERCHANT MARINE AND IMPROVED TRANSPORTATION FACILITIES.

The above subject has been referred to a special committee, and we will therefore not go into the matter here.

(Signed)

LUIS IZQUIERDO.

AUGUSTO VILLANUEVA.

GONZALO VERGARA BULNES.

MEMORANDUM SUBMITTED BY THE DELEGATION
OF THE REPUBLIC OF ECUADOR

**MEMORANDUM SUBMITTED BY THE DELEGATION OF ECUADOR
TO THE HONORABLE SECRETARY OF THE TREASURY OF THE
UNITED STATES ON THE SUBJECTS WHICH IN THEIR JUDG-
MENT MIGHT BE DESIRABLE TO DISCUSS AT THE SESSIONS OF
THE PAN AMERICAN FINANCIAL CONFERENCE.**

I. BANKING AND CURRENCY.

(1) Desirability of passing adequate legislation for the establishment and operation of branches and agencies of American banks in Latin America, and of Latin-American banks in the United States.

(2) Adoption of the gold standard in all the countries of the Pan American Union. Convenience of constituting a Pan American Monetary Union.

II. SECURITIES.

(3) Desirability of passing adequate legislation regarding securities issued in other countries of the Pan American Union. Rights and obligations of stock and bond holders and of the issuing concerns. Deed of trust. Nonreplevin securities.

(4) To obtain the listing and quotation on the stock exchanges of the United States of securities issued in Latin America and on the Latin-American stock exchanges of securities issued in the United States.

III. COMMERCIAL ENTITIES AND CONTRACTS.

(5) Desirability of passing adequate legislation in regard to agencies and branch offices of American entities in Latin America and Latin American in the United States.

(6) Desirability of passing laws in regard to reciprocal rights as well as for the execution of contracts for public works or others, and other obligations with or of Governments, municipalities, and other public powers.

(7) To legally define the rights and obligations of parties in contracts celebrated in one country to be executed in the other.

(8) To legally define the rights and obligations of buyer and seller in verbal or written contracts, in one place or by mail, in purchases and sales, on usual terms of "f. o. b." (free on board) at ship-

ping place or at destination, "f. a. s." (free alongside of ship) at port of shipment or at destination, and "c. i. f." (cost, insurance, and freight).

IV. BILLS OF EXCHANGE, BILLS OF LADING, AND CONSULAR INVOICES.

(9) Desirability of passing adequate legislation in regard to bills of exchange. Obligations and rights of drawers, drawees, indorsers, and holders. Faculty of using indiscriminately Spanish, Portuguese, or English in writing, accepting, indorsing, protesting, and canceling bills of exchange. To permit the use of money of the country of origin where payable or other. Days of grace. Protest. Define the quality of "Executive title." Define the interpretation of the words "at sight," "on demand," "days sight," and "days date." Inconvertibility. General stamp tax.

(10) To define legally the rights and obligations of parties (shipper, carrier, consignee, and holder) and of customs of ocean bills of lading and of those called "through bills of lading." To establish the "order" bill of lading where it does not exist (Colombia, Venezuela, Panama, and the Dominican Republic).

(11) To establish uniform consular invoices and define their legal character. To permit the use of the words "to whom it may concern" in "order" shipments.

V. CUSTOMS AND TRAVELING AGENTS.

(12) To provide the means of establishing a more uniform classification in the import tariffs; to determine a uniform manner of classifying goods not enumerated in the tariffs of each country.

(13) To establish uniform regulations for the importation of samples with or without value and advertising material, or for propaganda, with or without value, by freight, parcel post, or by mail.

(14) To provide reasonable means for storage of goods left as collateral subject to d/p (documents against payment), drafts, and abandoned goods. Laws of "warrants."

(15) To establish uniform regulations for traveling agents and a reasonable scale of taxes.

VI. POSTAL, TELEGRAPH, AND TELEPHONE SERVICE.

(16) To extend the parcel-post service to all countries where it does not exist. To facilitate the reexpedition on one postage. Order parcels. C. O. D. and insurance services. To extend the postal money order service to all countries where it does not exist.

(17) To establish the minimum rate between the countries of the Pan American Union (domestic rates) and to improve the service.

(18) To study the convenience of establishing inter-American land lines, with uniform rates.

(19) To study the convenience of developing, on a mutual basis, the long-distance telephone service.

(20) To study the convenience of establishing interlocked radio-graphic stations on the entire continent.

VII. COMMERCIAL FACILITIES.

(21) To pass adequate legislation in regard to rights and obligations of consignors, consignees, and creditors in consigned merchandise and products. To define the entailment of goods to acceptances or advances against them.

(22) To simplify legal commercial documents (powers of attorney, contracts, transfers) to be used in another country.

(23) To establish uniform laws in regard to commercial hygiene and sanitation.

(24) To establish the chattel mortgage for agricultural, industrial, mining, and manual machinery, as well as for the necessary implements for these industries and furniture.

VIII. TRADE-MARKS AND PATENTS.

(25) To reform the laws in regard to trade-marks in order to make them as uniform as possible and to impede piracy (Treaty 1910).

(26) To modernize and make uniform laws in regard to patents and privileges (exclusive rights).

IX. IMMIGRATION AND MINES, ACQUISITION OF LAND.

(27) To revise and modernize immigration and mining laws.

(28) To revise and modernize laws for the acquisition of public lands.

X. NAVIGATION.

(29) To facilitate inter-American maritime communication, granting franchises to ships of one country in the other. Establishment of free zones for the manufacture, transshipment, and distribution of products and merchandise.

(30) Unification as much as possible of the service of the different transportation companies of the Pan American countries for cargo, mails, and passengers.

XI. PAN AMERICAN UNION.

(31) That the office of the union compile and publish in English, Spanish, and Portuguese the laws of commercial interest of the 20 Latin-American countries.

(32) To appoint a permanent committee to secure the adoption of the resolutions of the conference and to prepare in accord with the governing board of the union the material and formulate the program of future commercial and financial conferences.

(Signed)

JUAN CUEVA GARCÍA.
VICENTE GONZALES B.
ENRIQUE GALLARDO.

MEMORANDUM SUBMITTED BY DR. PEDRO
RAFAEL CUADRA, DELEGATE OF THE
REPUBLIC OF NICARAGUA

**MEMORANDUM SUBMITTED BY DR. PEDRO RAFAEL CUADRA,
DELEGATE OF THE REPUBLIC OF NICARAGUA TO THE PAN
AMERICAN FINANCIAL CONFERENCE.**

I. ECONOMIC SITUATION OF NICARAGUA.

The economic situation of Nicaragua is not quite satisfactory. For more than fifteen years the country had an inflated currency. Under such conditions there can be nothing but general poverty, and in consequence commerce fails. It is no wonder, therefore, that conditions in Nicaragua are bad. Apart from political causes, it seems to me that the long existence of a system of paper currency accounts for the country's present economic disturbance.

To remedy this bad situation the present Government of Nicaragua started a series of economic reforms, which are being carried out with firmness. The first and principal aim sought was to put an end to the inflation. This we realized by enacting a monetary law, which has been in operation for the last two years. Our monetary system is now based on a gold standard. The monetary unit, the "cordoba," is worth a dollar. We have no gold coin, only silver and bank notes. To maintain the cordoba at par with the American dollar there is a "conversion fund" in the United States and Europe, against which drafts are drawn periodically after natural demands.

When the European war broke out it was thought wise to suspend the selling of drafts to prevent the exhaustion of the fund because of the panic. Then exchange went up. As our trade balance is not favorable, the rate of exchange reached the maximum of 25 per cent premium, i. e., \$100 American gold was worth \$125 cordobas. At present conditions are improving and the rate of exchange is only 108 per cent.

II. BANKS.

Next to the monetary reform comes the establishment of the National Bank of Nicaragua. This bank has the exclusive privilege of issuing legal-tender notes, strictly subject to the provisions of the monetary law, and for the account of the Republic only. Forty-nine per cent of the stock of the national bank is owned by the National Government, 51 per cent being the property of American bankers. The bank does all sorts of banking business. It has a special issue department for the maintenance of the national

currency. Its capital is \$300,000, which may be increased if necessary to meet the country's needs.

There are two more banks in the country. These are private credit institutions, whose charters were granted by the Government. They do every sort of banking business except the issuing of notes. Their capital is small, but they are doing as good business as their limited resources permit. We expect the country to prosper when the evils of the past inflation are entirely gone. Then conditions will be better. We will, furthermore, encourage the establishment of other banking institutions to contribute to our financial development.

III. BUSINESS CONDITIONS.

Business conditions have not been good. Owing to an overissue of paper money the merchants overstocked their stores to satisfy the general demands. This commerce was unsound, and the consequence was that when the Government started the monetary reform and things became normal it began to decrease, or, better to say, to reduce itself to normal conditions. This was the state of affairs when the European war broke out. Then foreign credit was stopped, and to prevent the failure of the principal firms the Government was forced by public demand to declare a moratorium. Notwithstanding this prices have continued normal, as the stoppage of big importations has caused the selling out of much surplus stock. If the war comes to an end soon, our commerce will be able to start business again under better conditions with the European markets. If not, then trade with the United States will spring up vigorously. At present a third of our trade is with the United States. If the manufacturers of the United States desire to increase their trade, they should grant the merchants the same terms of credit as Europe allowed them before the war.

IV. ARTICLES OF EXPORTS.

Our principal articles of exports are coffee, gold, and bananas. We also export hides, rubber, and cattle. The last mentioned, though very extensive as a part of the country's wealth, has not formed as yet an important item of our export statistics owing to the scarcity of good roads to facilitate their exportation. It is to be desired that the fresh-meat trade with foreign countries be started, but nothing as yet has been done in this line.

V. AGRICULTURAL RESOURCES.

Nicaragua is an agricultural country; but, unfortunately, the methods of farming employed are very primitive. There is scarcely a notion of scientific agriculture. The yield is, therefore, very poor.

We expect that when we improve our methods of farming and start scientific processes general conditions will be better. The present administration of Nicaragua has had as one of the planks of its platform the fostering of this branch of national prosperity, through agricultural schools, experimental stations, agricultural banks, etc., but it has not been able as yet to do anything in this line because of lack of money, and also because its time has been occupied in other reforms, if not more vital, at least more urgent.

TRANSPORTATION.

The transportation question is very serious for Nicaragua. This item is one of our great problems. The Government is aware of its seriousness. It is not a question here of a general system of good roads crossing all over the Republic. Of course, that is a general desire; but Nicaragua's problem as a country is more concrete; it is a problem whose solution is clear to us, and the Government is well acquainted with all its data. We will not cease to hammer at it till it is solved; not only because its solution will open a channel of good commerce and trade, but also because it is a vital issue of political welfare and unity.

We lack easy communication with the Atlantic coast, and in this region are the richest settlements of the Republic. A long time ago we had a good river route to the Atlantic. The River San Juan was then navigable, and San Juan del Norte was a good seaport. Now all this is lost. To restore it to its old conditions would improve our domestic and foreign trade. It is to be noted that when the San Juan River was open to commerce the Republic was prosperous. When it was closed conditions became bad, and the old prosperity was lost. This fact is more than a mere coincidence. It is the sequel of natural processes. With the San Juan River in good condition prosperity will come back to the country, because it will restore vast areas of rich lands to production, and cattle will find a proper outlet to foreign markets. If the river can not be made navigable, the Government has thought of the possibility of building a railroad from one of the ports on the Lake of Nicaragua to the Atlantic coast. The Panama Canal has bettered conditions in this particular, but it can not cure the evil radically. Needless to say, the Government has not been able to do anything in this affair, because it has had neither the resources nor the opportunity necessary for the railroad construction or for the improvement of the River San Juan, though twice it has intended to do so, having entered into contracts to that effect.

On the Pacific side conditions are better. We have a good railroad from Corinto, a Pacific port, to Granada, a port on the Lake of Nicaragua, passing through Chinandega and León, important

cities with prosperous commerce, and Managua, the Republic's capital. To run this railroad a company was formed, incorporated in a State of the United States; 49 per cent of the stock is owned by the Government and 51 per cent by American capitalists. The railroad is in good condition and every day is improving.

VI. PUBLIC FINANCES.

The situation of our public finances can be stated in a few words. The treasury has been and still is in difficulties. It could not be otherwise. The long period of inflation, the frequent recurrence of revolutions, former bad governments, etc., account for these bad conditions. To remedy this evil the present Government of Nicaragua asked a helping hand from the United States. Through the good offices of the State Department we were able to enter into relations with two important American firms, Brown Bros. and J. & W. Seligman & Co., of New York. With their aid we have, despite the bad conditions referred to above, started and carried out the monetary reform, the establishment of the national bank and the reorganization of the national railroad. Other minor economic reforms have also been carried out. Nicaragua is quite satisfied with its business relations with the above-named firms, and see in the benefits so far obtained but the proof that for a country to prosper it is necessary to have a good understanding between the government and capital on a basis of confidence and good will.

The Government's income is small. It decreased notably when the European war broke out. With so small an income, the Government could not continue to pay its way. This circumstance forced it to ask Congress to enact a proprietary tax law. The law was enacted only for two years. As the Government revenues are not enough to meet the general needs of the administration, the Government intends to ask Congress to establish this tax law permanently. But this was not enough to meet the entire situation. The reducing of the national budget became also indispensable. We reduced it to half its former amount. In this way, the Government weathered the storm produced by the European war, in the part affecting its own sphere.

To meet the country's needs, as occasioned by the stoppage of the European credit, the Congress authorized the National Bank of Nicaragua to issue 1,000,000 cordobas of legal tender, backed by commercial paper, to provide for gathering the crops, especially that of coffee. This provision worked satisfactorily; but the demand for the million cordobas authorized by the law never reached that sum.

I neglected to state that the Government, in order to run the public administration with so decreased a revenue, entered into contracts with its foreign creditors suspending the paying of the principal and interest of its foreign normal debts. As our creditors were will-

ing to comply with the Republic's wishes, there was no difficulty in reaching an agreement between them and the Government.

VII. OUR TRUE FINANCIAL PROBLEM.

The Nicaraguan Government has been facing a peculiar situation entirely independent of the effects of the war. Almost all of its debts are due and the Government has had no time nor has it been in a favorable situation to pay them off or to refund them. Several times it has tried to have recourse to a foreign loan, but it has always failed to accomplish it. Now it expects to apply the \$3,000,000 to be paid under the canal treaty with the United States, now pending in the Senate, to the payment of those debts which are more pressing, paying off the rest with bonds.

The similarity between our present conditions and problems and those of the United States after the Civil War has always attracted my attention. To make this comparison clearer I think it relevant to copy the following statement of Prof. Bastable about conditions in the United States after the Civil War:

The first results of the contest, he says, were a serious disturbance of industry and commerce and a great increase of expenditure. No adequate tax system was in existence and accordingly the extraordinary expenditure was at first almost entirely met by the use of credit. Treasury notes, culminating in unconvertible paper issues, and funded debts were both employed. * * * The great financial problems for the Secretary to the Treasury were therefore (1) to pay off, or fund, the floating debt, and (2) to provide a permanent scheme for the future extinction of the immense liabilities created by the war. (Public Finance, 653-654.)

I can not find better words to convey to your attention a clear idea of our true problems than those used by Prof. Bastable to state that grave situation of the United States. The origin of our pressing debts is nearly the same. The Secretary of the Treasury of the United States spent over two years in improving financial conditions. This was possible especially because of the great resources the national credit put at his command. Needless to say that we have not been so well situated. Our nation's credit is almost nil. We have been trying to build it up to the best of our ability, but the results as yet are not very satisfactory, though we can not be disappointed with those already obtained.

For this reason it would only accomplish the best of our wishes to secure the cooperation of the Treasury Department of the United States for us to manage successfully these vital problems. We expect something of this kind of cooperation to be the outcome of the Pan American Financial Conference, confident that once having solved our financial problems our international trade with the United States will increase and prosper to our mutual advantage.

MEMORANDUM SUBMITTED BY THE DELEGATION
OF THE REPUBLIC OF PANAMA

**MEMORANDUM SUBMITTED BY THE DELEGATION OF THE
REPUBLIC OF PANAMA.**

The delegation of Panama to the Pan American Financial Conference has the honor to submit for the consideration of the Secretary of the Treasury of the United States the following matters, which are of special interest to the Republic of Panama:

I. The revenues of the Republic of Panama have decreased 30 per cent since July, 1914, and this decline is due to the following causes:

(a) The diminution of imports due to the European war.

(b) The decline of local commerce due to the establishment of commissaries by the government of the Canal Zone. The commissaries import merchandise without paying duties, and is thus able to eliminate competition of the merchants of Panama.

II. In order to meet the decline in revenues, Panama has passed laws imposing certain temporary taxes and increasing by 20 per cent the ad valorem customs dues on imported merchandise. This increase, however, can not become effective without the consent of the Government of the United States, as provided for in what is known as the Taft agreement.

The delegation of Panama deems it a matter of urgent necessity that the Government of the United States should give its approval to this increase in taxes in order to meet the situation created by the decline of national revenues.

The delegation of Panama further deems it advisable that the two Governments concerned—the United States Government and the Government of Panama—undertake a general revision of all matters relating to the commissaries in order to establish such limitations as will be equitable for both countries concerned.

III. The commerce of Panama suffers by reason of the differential rules established by the Panama Railroad Co., a company which to-day belongs to the Government of the United States. The delegation of Panama sincerely hopes that this matter will be considered by the conference, in order to arrive at some conclusion with reference to just rules which will at the same time serve to develop commerce rather than to destroy it.

IV. With reference to all other matters enumerated in the program of the conference, the Republic of Panama has the same interests as the other countries of Central and South America, and therefore the delegation of Panama will participate in the discussion of these questions in the hope that they will be satisfactorily solved for the mutual benefit of the United States and the countries of Latin America.

(Signed)

ARISTIDES ARJONA.
RAMÓN F. ACEVEDO.
RAMÓN ARIAS, JR.

MEMORANDUM SUBMITTED BY THE
DELEGATION OF PARAGUAY

MEMORANDUM SUBMITTED BY THE DELEGATION OF PARAGUAY TO THE PAN AMERICAN FINANCIAL CONFERENCE.

ECONOMIC AND FINANCIAL CONDITION OF PARAGUAY.

The economic and financial depression produced in the civilized world by the gigantic war that at present disturbs Europe has made itself felt with especial violence in the Latin-American countries—which for the greater part are in the beginning of an ever-progressive development—and which have seen, unexpectedly, a great part of their markets closed, the receipts of their customhouses diminished, their budgets impaired to a marked degree, and all this without the time requisite to adapt themselves to the conditions or at least lessen their disastrous effects.

It was imperative, therefore, that the reaction should manifest itself simultaneously with the disturbance felt, and that each one should endeavor to find the corrective of this situation that, paralyzing or devitalizing its economic forces, constituted a barrier to its progress.

Countries manufacturing nothing, or almost nothing, with raw materials in abundance produced by their soil, lacking in opportune capital to facilitate their development and strength sufficient to promote their indispensable activities, it was to be expected that the attention of their leading men would be directed toward the great Republic of the North, which in the course of extended years of assiduous and intelligent labor had come to attain, through its material and moral progress, the eminence of the older nations of Europe.

The Latin-American countries required precisely a broad and cultivated field of production and consumption, such as the United States affords, which will absorb the raw materials that its industries require, and, in its turn, furnish the manufactured wares that are not found in their own territories.

The occasion and the circumstances, although unlooked for and compelling—at the same time acceptable—adapted themselves admirably, moreover, to this new and fraternal reunion, which, without the least doubt, will succeed in removing the traditional existing conditions that, until the present, have offered vigorous resistance to a closer commercial contact.

The surprise and the consequent confusion of the first moment produced, of necessity, as might easily be supposed, a certain perplexity of mind and an absence of definite and safe means for the attainment of the ends in view.

The call that we have obeyed could not be better nor more opportunely inspired, giving us the occasion, if not to expound ample and erudite concepts over the economic and financial relations of our continent—which, for my part, I leave to those more experienced in these matters—to define, by presenting them with clearness and frankness, the present conditions and difficulties of our respective countries, and which may serve as a basis for an advantageous common and simultaneous action.

The interchange of products and its necessary means of attainment—which we call “commerce”—prevail through necessity and interest, guided in their turn by the perfect and minute understanding of the fields wherein this mutual activity shall be manifested. If the course established and assured since the remote ages which we have just indicated offers of its own accord an obstacle difficult to overcome in the sense of the increase of commerce, which we desire, the insufficiency of appreciation of our own economic resources and forces constitutes a no less effective and powerful impediment.

The circumstances impel us, therefore, to an intelligent, energetic, and persevering effort, of whose felicitous outcome there can be no doubt, when a Congress such as the present, made up of eminent experts—in very truth Americans—has taken under consideration the simplification of the problems that we propose to resolve.

With this conviction, strengthened by fervent hopes, I shall take occasion to delineate the most salient features that my country presents as a field of activity, hardly touched, for agriculture, stock raising, industry, and commerce.

Situated in the center of South America, with a superficial area of approximately 445,000 square kilometers, traversed from north to south by a noble river, and bounded in part by another of no less importance, which bring it in contact with the ocean, its immense natural riches have scarcely been disturbed by a population that hardly approximates 1,000,000.

With a mild and healthy climate, its soil, of exceptional fertility, is adapted for the cultivation of almost all tropical and subtropical fruits, many of them suitable for exportation on a large scale, such as: YERBA MATE, whose use is becoming more extensive from day to day, and which, in the shape of native groves, occupies in Paraguay an approximate area of 25,000 square kilometers. The artificial cultivation of this curious plant, tried until recently without result, has finally been successful, and to-day prosperous and extended planta-

tions of it may be seen; TOBACCO, which constitutes one of the principal sources of riches of the country, although its quantity is as yet at a minimum of the producing capacity of the soil. Its cultivation is being perfected every day, thanks to the efforts of the Banco Agrícola, which uninterruptedly combats the routine practices of former times; ORANGES and MANDARINS, unsurpassed for their excellent quality, and although their exportation has passed 160,000,000 annually, there yet remains incalculable quantities that it is impossible to utilize, due to the impracticability of bringing them to points of transportation; ESSENCE OF PETIT-GRAIN, appreciated in the United States as well as in Europe and conspicuous among the special products of the country; COTTON, renowned for its fine quality, of long, silky, and strong fiber, is a plant for whose cultivation the soil of Paraguay is adapted in an exceptionally favorable manner. Its yield is proportionally superior to that of any other cotton-raising country—more than 1,000 kilograms per hectar; SUGAR CANE, of easy and profitable cultivation, which yields more than 48,000 kilograms per hectar; RICE, whose quality places it on a par with the best of the Carolinas and of Piedmont; INDIAN CORN, with a production of 1,600 kilograms per hectar, and as much as two crops per year; MANDIOCA, COFFEE, WHEAT, OLIVES, the MAMÓN, from which papain is extracted, COCO, RAMIE, BARLEY, PEANUTS, VANILLA, CINNAMON, GRAPES, TÁRTAGO, from which we get castor oil, the POROTO, GARBANZOS, etc., etc., and the numberless varieties of cultivated and uncultivated fruits, whose exportation to the neighboring countries is limited only by the lack of adequate means of transportation.

One-half of the total area of Paraguay, approximately, is occupied by forests, in part yet virgin, which contain an incalculable wealth in woods,—for construction and for cabinetmaking—the most appreciated in America. Their simple enumeration would exceed in extent the limits of this sketch; I shall, for this reason, confine myself to the mention of those best known, which have already been the objects of commercial activity in the places accessible to means of transportation; the CURUPAY, of almost indefinite durability, remaining intact in the water or underground and against the inclemencies of the weather; its bark is utilized, with excellent results, for the tannin that it contains; the LAPACHO, comparable to the preceding for its durability and resistance, with the advantage of its greater flexibility and adaptability, in consequence, to certain special uses, construction of boats, railway coaches, etc.; the INCIENSO, used in the manufacture of furniture, is strong and flexible, and is known for its characteristic odor; the IBIRARÓ, very elastic and tough, although less hard than those preceding, is fit for the building of boats and railway coaches, with advantage equal if not greater than teakwood; the CEDAR, very large and abundant, may well take the place of mahogany

and walnut in the finer grades of cabinetmaking, easy to work and to polish, it is never attacked by insects; the *PETEREBY*, a tall, straight, beautiful tree, is much used in cabinetmaking, and sometimes in the construction of railway coaches; the *IBYRAPYTÁ*, very common, is suitable for paving blocks; the *TIMBÓ*, of a beautiful reddish color, for its qualities, as well as for its abundance and cheapness, is used many times in place of pine; the *LAUREL*, retaining its soundness in water and underground, is used for railway ties and in the construction of boats; the *GUAYAYBÍ*, very elastic, flexible and very durable, is used for tool handles and in the manufacture of carriages and wagons; it is superior to the North American hickory; the *PALO SANTO*, very fragrant and resinous, is suitable for axle bearings, in place of metal; the *CURAPAYRÁ*; the *URUNDEYMÍ*; etc., etc.

Worthy of particular mention is the *QUEBRACHO*, which in some regions forms heavy forests, of which many are as yet untouched on account of their remoteness from means of transportation. Its great industrial value as a source of production of tannin, as a wood for construction, and, above all, for its qualities incomparable for railway ties is well known to all.

The mention of dye, textile, and medicinal plants that, through their uses, abundance, and variety, might be the object of profitable exploitation—as yet not begun—will complete this sketch, too summarized, of the sylvan wealth of Paraguay.

Among the numerous resources on which my country depends, *CATTLE RAISING* is one of those that up to the present time has proven most profitable, although on a scale as yet very remote from the extent and conditions under which it will be able to yield all its advantages.

With abundant pastures of the first quality, with sufficient water and the natural shelter that the forests offer, with a salubrity unexcelled, the prairies of Paraguay constitute, in the words of a resident, “the ideal land for the breeding and fattening of live stock.” The interest that this industry has aroused of late among North American capitalists is an omen of an early increase, and a promise of new and fruitful undertakings.

In this connection we may refer to the Paraguay Land & Cattle Co. with large tracts of land in the Chaco, in full operation and prospering, and to the Chaco Land & Cattle Co. of Paraguay which is now in active organization. A North American concern has lately applied to the Congress for the necessary concession for the establishment of a refrigerating plant, which concession will surely be granted.

The minerals best known and most abundant in Paraguay are: *IRON*, *MANGANESE*, and *COPPER*, at the present time unworked, although one of them, especially manganese, might well be exploited with

profitable results. The dearth of careful scientific data does not permit the affirmation, in a positive manner, of the existence of other minerals, or the estimation of their extent.

The most important materials for construction are LIME and CEMENTS, which, according to repeated analyses, contain more CALCIUM, SILICATE, and ALUMINUM than their similars elsewhere, and, on the other hand, are found free from deleterious or unnecessary substances; also PORTLAND STONE and PREPARED PORTLAND, CLAYS for earthenware and fire brick, KAOLIN, HYDRAULIC STONE, and FLAGSTONE.

Among the ornamental stones in the pavilion of Paraguay, at the exposition at Buenos Aires in 1910, were exhibited 19 specimens of marble that were admired for their beauty and for the variety of their colors, 2 specimens of SLATE, 2 samples of AGATE, and 1 of NOBLE SERPENTINE.

Because of her meager capital and slender population, the industrial life of Paraguay has hardly begun, in spite of the extensive and varied opportunities for exploitation afforded by her innumerable natural resources.

The undertakings that we might cite as unfolding their activities are almost all in the forest industries. They are, in the tannin industry, those of: Puerto Casado, one of the most important of its kind in South America, with the most improved machinery and a capacity for producing 450 tons of extract each month; Puerto Sastre, with equipment for working 1,000 tons of extract monthly; Puerto Max and Puerto María, belonging to the same company, with machinery of the highest grade and capable of producing 700 tons per month; Puerto Galileo, one of the most nearly perfect equipments and a producing capacity of 750 tons; and others besides.

Among the exploitations of wood for export there figure in first importance the plants of: Nogués, with 15 leagues of heavy forest, from which they cut and prepare upward of 10,000 beam timbers per year, its sawmill making a specialty of the preparation of railway ties; Pinasco; the Sociedad Forestal del Paraguay; Cogorno; the American Quebracho Co., with extensive properties on the River Paraguay and at Puerto Médanos, with a numerous population (400 peons are constantly working in its very rich plants); the Colonia Uruguaya; Fasardi y Compañía; the New York & Paraguay Quebracho Co.; the River Plate Quebracho Co., etc. Almost all of these have their own railways intended for the transportation of the wood to the ports of shipment.

The only extensive exploitation of YERBA MATE is carried on by the enterprise known as the Industrial Paraguaya, which, starting with a capital of \$1,000,000, has been able to return to its shareholders, in the shape of dividends and in the term of only 10 years, five times the

value of the shares. At present its properties are valued at about 4,000,000 pesos gold.

The country contains only two packing houses—that of Risso and that of San Salvador—they being able to turn out annually, the former 50,000 head of cattle and the latter 30,000. In this latter is prepared, in addition, a beef extract of excellent quality.

Among the industries that have as a basis the raw materials of the country we must finally mention the sugar mill of Tebicuarí, located on the banks of the river of the same name, with machinery of the first quality and with its own plantations, which during the past year provided it with 15,731 tons of sugar cane, approximately the half of its consumption.

Two noble rivers, the Paraguay and the Paraná, place the Republic in communication with the ocean through the ports of Buenos Aires and Montevideo. Divers companies maintain a regular and permanent service between these cities and the littoral of Paraguay with luxurious and commodious steamers for passengers and freight.

A railway equipped with every modern convenience has lately been inaugurated between the cities of Asunción and Buenos Aires, crossing the Paraguay by means of a ferry.

Without counting the local railways, almost all annexed to the plants of the timber industry, there is now under construction an important road which, leaving Asunción, extends to Paraná, opposite to the falls of the Yguazú, at which place it will connect with a Brazilian line, extending from the Atlantic.

Other concessions of like character have been granted or solicited from the Congress, although none of them has yet passed to a state of consummation.

As means of transportation in the interior, there exist numerous rivers, which for the greater part require cleaning and canalization in order to be utilized to their full extent.

An official institution, the Departamento de Fomento (National Development Department), with its directing personnel constituted almost entirely of technicians coming from the North American universities, has charge of the construction and maintenance of the bridges, roads, canals, ports, etc., with which the Government is especially concerned.

Various of the ports are in course of construction or enlargement, and the well-known house of MacArthur Bros., of New York, will take charge very soon of the works of the great port of Asunción.

The BANKS all have their principal seat at the capital of the Republic, and some of them branches in the interior cities. Such are the Banco de la República, with an authorized capital of \$20,000,000 gold, of which there are already \$6,000,000 subscribed; the Banco Mercantil del Paraguay, with an authorized capital of

25,000,000 pesos paper, and 20,000,000 paid in; the Banco de España y América, a branch of the institution of the same name established in Buenos Aires, with a capital of \$2,200,000 gold. These are all dedicated to banking operations in general: The discount of bills and notes, current accounts, savings accounts, time deposits, drafts on the exterior, etc.

The normal banking rate is 12 per cent annually.

The Banco Agrícola is an official institution that is authorized not only to aid farmers and manufacturers with loans at a reduced rate of interest but to plan the extension and improvement of cultivation by means of encouragement, advice, and instruction. It has already influenced to a marked extent the agricultural progress of the country. Its capital, 15,000,000 pesos legal money, has lately been increased by 15,000,000 more.

The foreign commerce of Paraguay is increasing from year to year, rapidly and progressively, and from this point of view it is inferior to no other American or European country. The total figure of this commerce for the year 1913 is \$13,539,744 gold, while that of the year 1904 is only \$6,761,991, that is to say, an increase in the decade of 100 per cent, more or less.

Here is a table showing this movement, most significant in itself:

Year.	Importation.	Exportation.	Year.	Importation.	Exportation.
1904.....	\$3,565,731.00	\$3,196,260.00	1909.....	\$3,787,951.28	\$5,136,638.62
1905.....	4,678,314.25	2,833,009.21	1910.....	6,419,412.96	4,916,918.25
1906.....	6,324,283.93	2,695,047.49	1911.....	6,694,995.63	4,735,572.83
1907.....	7,512,602.04	3,236,109.63	1912.....	5,350,600.13	4,235,723.36
1908.....	4,072,953.04	3,867,094.50	1913.....	8,119,997.09	5,630,929.13

In the year 1914 the effects of the European war made themselves felt immediately, reducing the imports to \$5,149,464.99 and the exports to \$4,584,358.

The articles of importation come principally from Germany, England, Argentina, France, Spain, and Italy and consist for the greater part of TEXTILES, FOODSTUFFS, HARDWARE, ARTICLES OF FASHION, WINES, SPIRITS, DRUGS and CHEMICALS, READY-MADE CLOTHING, CHINAWARE and CROCKERY, HATS, RUGS and CARPETS, FOOTWEAR, JEWELRY, and RAILWAY and TRAMWAY MATERIALS. It is interesting to note that in this enumeration the first place is occupied by articles required for the progress of the country—for example, WIRE FOR FENCES, AGRICULTURAL IMPLEMENTS, TOOLS, SHEET and BAR IRON, MACHINES of every sort, ELECTRICAL APPARATUS, ARTICLES intended for public instruction, and FOODSTUFFS that are not produced in the country.

The basis of the exportation consists in LIVE STOCK and its by-products, WOOL, DRIED BEEF, ORANGES, TOBACCO, COCOANUT BRAN, ESSENCE OF PETIT-GRAIN, EXTRACT OF QUEBRACHO, YERBA MATE, PALMS, wood of every kind, etc.

The commercial interchange with the United States, although yet of minor importance, is developing with increasing progress.

Here is a table corresponding to the last five years:

Years.	Importation from the United States.	Exportation to the United States.
1910.....	\$61,142	\$29,170
1911.....	86,989	34,516
1912.....	161,661	9,443
1913.....	187,867	58,285
1914.....	173,191	64,655

In commerce the business men of Paraguay are renowned for their honor, and European houses, with a knowledge of this circumstance from their long years of experience, have never undergone inconvenience in selling to them at long credits, or in waiting patiently for epochs of crisis to pass for the collection of their dues.

Great failures are almost completely unknown in Paraguay, and even small ones are a rarity. The registers of the tribunals of commerce are an honor to the country.

The financial situation is as follows: Internal debt, balanced December 31, 1913, total, \$559,675 gold, and \$11,564,572 paper. To this there is to be added \$394,119 gold, and \$33,913,373 paper, relating to claims for damages done to individuals during past epochs of revolution, which will certainly be reduced in amount when they are examined by the special commission that has this matter in charge. Once estimated and acknowledged, it will be consolidated in accordance with a law proclaimed on February 1 of the current year, which fixes the interest at 6 per cent annually and establishes a system for its amortization.

The balance of the debt of the treasury to the Banco de la República, of \$615,995.43 gold, has likewise been adjusted by granting to said establishment the collection of the tax of \$1 gold that is imposed on the exportation of each hide until the debt shall have been extinguished.

The fiduciary issue of 65,000,000 pesos has recently been increased by 60,000,000 more, with which the debts in paper to the Bancos de la República and Mercantil were liquidated; the arrears of the Treasury, resulting from the decrease in the income of the Government since the commencement of the European war, have been met; there were granted 15,000,000 pesos for agricultural loans, and there were set aside the funds necessary for the completion of the improvement of the ports, already commenced, in certain of the river cities. The sum total of paper money in circulation is, then, 125,000,000 pesos, which, reduced to gold, at the rate of 1,500 per cent—which will probably be that fixed by the Government as the basis for con-

version—represent 8,333,000 pesos, or an equivalent of \$8.33 per capita for the million inhabitants of my country. The ratio is moderate.

The fixing and maintenance of the ratio of exchange of paper money is a constant preoccupation of my Government. To this end there were set aside the customs receipts arising from the duties in gold on the exportation of hides, which amount to approximately \$300,000 annually. The sum accumulated in this way was, on September 25 of last year, \$1,508,684.33, of which amount, by laws of the Congress, there were utilized \$750,856.91, leaving, therefore, in the coffers of the State a balance of \$757,827.42. The profound economic crisis of to-day has prevented the continuance of the accumulation of funds by the method referred to, making it absolutely indispensable, in consequence, to obtain a loan, which, added to the sum already mentioned, should satisfy the earnest wish of the Government to give to the nation a sound monetary system.

The amount of the foreign debt—arising from the loans of 1871 and 1872, made in London—is at present \$3,370,418.12, according to the calculations of the office of the auditor of the nation, the liquidations of the past three years not being at hand. The interest of 3 per cent and an annual amortization of one-half per cent—which are the terms agreed on for this debt—have been paid scrupulously at all times.

The principal sources of income on which my country depends are: Customs duties from imports and exports, the land tax, postal tax, internal consumption revenues, etc.

The customs revenues follow naturally the movement of international trade and thus we see that while in the year 1904 they were \$1,423,141 gold, they increased in 1913 to \$3,591,143 of the same money, which in the term of 10 years shows an increase of 145 per cent.

The revenues derived from other sources have increased in a manner yet more marked than the customs revenues. They were, in 1904, \$1,459,614 legal money and, in 1913, \$6,420,762. A detailed study demonstrates that this increase is particularly due to the taxes that affect commercial life.

The present crisis has likewise produced a marked diminution in these figures, particularly, however, in the customs receipts.

The Government of the Republic, accurately estimating the difficulties of the moment—so uncertain of duration—has taken recourse to stringent measures of economy by reducing the budget of national expenses to its possible limits and by suspending the completion of divers public works until a more favorable time.

HECTOR VELÁZQUEZ.

WILLIAM WALLACE WHITE.

MEMORANDUM SUBMITTED BY THE DELEGATION
OF PERU

MEMORANDUM SUBMITTED BY THE DELEGATION OF PERU.

The present European war has disorganized economic conditions the world over. In Peru, as in all civilized nations, the effects of the armed struggle of the most powerful peoples of Europe have made themselves felt with considerable severity in the field of the national finances.

In an endeavor to find means to minimize the consequences of the economic crisis which the war has brought about in Peru, Congress, the Government, and the different municipalities have together adopted several measures of an administrative, sociological, and economic nature which, it is believed, will tend to regulate the anomalous financial condition through which the country is passing.

When any nation finds itself confronted by a crisis such as at present exists in Peru it will be found that its manifestations are these: General mistrust as to the solvency of private individuals and banking institutions; disappearance of metallic currency and, above all, of gold coin, which is merely one effect of the preceding circumstances; and a reduction in the fiscal returns, owing to the paralization of most of the mercantile life of the country, due in the present case to the fact that the exporting and importing nations of Europe are in a state of war.

As a consequence of these circumstances, three means have been adopted to avert the effects of the crisis: The protection of banking institutions and private debtors threatened by the public mistrust; the substitution of metallic currency to prevent its disappearance by another less susceptible of concealment, which has, however, not been completely effective in the present case; and the reducing of State expenses, arranging the budget to meet the exigencies of the reduced revenue. The measures adopted in Peru for the purpose of minimizing the effects of the crisis have revolved around the three methods mentioned above.

In accordance with the series of fundamental principles which are always present during times of financial stress, it is possible to classify the methods for obtaining relief into three groups:

First. Methods to minimize or prevent a panic, due to the mistrust of the solvency of banking and credit institutions, which is characterized by the immediate withdrawal by depositors of their funds, which always greatly affects the normal financial life of the

country. To prevent such a condition of affairs, Congress approved the declaring of a moratorium, which will end on the 22d of August, 1915.

Second. Methods for the solving of the currency problem, created by the disappearance of gold coin and the retention of silver. To this effect the Lima and foreign banks in the capital issued checks to bearer for the sum of \$12,500,000. Other means adopted consisted in forbidding the exportation of gold, either coined or in bars, as well as that of coined silver.

Third. Methods for balancing the budget, reducing expenses to the exact amount of the government revenue. For this purpose Congress voted a law reducing the expenses of the Republic 30 per cent, while the taxes on alcohol and tobacco were increased 20 per cent. The revenue from liquid capital and industrial taxes were likewise increased.

These economies effected in the budget and the increased revenue from taxation mentioned above are already producing, although slowly, appreciable results of a favorable nature.

FINANCES AND COMMERCE.

The national revenue of Peru, for the years mentioned below, was as follows:

1896.....	\$5, 643, 570
1906.....	12, 777, 315
1910.....	13, 878, 875
1911.....	14, 249, 040
1912.....	16, 371, 685
1913.....	17, 089, 870

The increase in national revenue in the seventeen years from 1896 to 1913, is a little over 300 per cent.

During the year 1914 the budget of 1913 was in force; that is to say, that the budget for the said year was calculated upon and the revenue expected to yield the same sum as had been required for the year 1913.

The expenditure was \$17,771,885. Owing to the general conditions, expenditures have been reduced 30 per cent during the present year.

The following are the figures for the revenue of 1913:

Pacific coast customhouses.....	\$6,352, 280
River customhouses.....	869, 180
Tax on spirits.....	1, 736, 220
Tax on sugar.....	487, 040
Tax on matches.....	174, 670
Salt monopoly.....	1, 295, 765
Tobacco monopoly.....	2, 257, 625
Opium monopoly.....	86, 455

Denatured alcohol tax.....	\$97, 580
Municipal excise tax.....	561, 265
Post offices.....	718, 475
Telegraphs.....	173, 310
Sundries.....	2, 280, 005
	<u>\$17, 089, 870</u>

The net revenue from the customhouses, which in 1913 amounted to \$6,285,670, had fallen in 1914 to \$4,828,250, a falling off from the total of the preceding year of 27 per cent, more or less, the second half year showing a still further reduction, which amounted to about 47 per cent, in relation to the second half year of 1913.

Other government means of revenue have likewise suffered a perceptible decrease, although not so considerable as that noticed in the customhouse receipts. The tax on spirits, which in the second half year of 1913 produced \$1,015,210, in the corresponding period of 1914 produced \$835,715, a reduction of \$179,495, equal to 22½ per cent. The tobacco monopoly, which in the second half year of 1913 produced \$1,233,165, in the corresponding period of 1914 produced \$1,136,995, a reduction of \$96,165, equal to 7¾ per cent. The total loss on taxes during the second half year of 1914 compared with the corresponding period of 1913 has been the sum of \$592,855. The net revenue from all taxes during the second half year of 1913 was \$3,863,500.

This falling off in the public revenue, which had not been accompanied by a corresponding and proportional reduction in the Government expenses, brought about a situation of exceptional seriousness. It is confidently expected, however, that once the methods adopted for the restoring of public confidence and meeting the unusual conditions which are affecting the revenues of the country will have been given time to work there are better days in store for the commerce of Peru.

There is no export duty on Peruvian products, with the exception of that on india rubber and gold bars.

The following figures give the result of Peru's imports and exports during the ten years from 1904 to 1913:

Years.	Imports.	Per cent.	Exports.	Per cent.	Total.
1904.....	\$21, 786, 690	51. 72	\$20, 333, 195	48. 28	\$42, 119, 890
1905.....	21, 788, 480	43. 08	28, 786, 750	56. 92	50, 575, 235
1906.....	25, 052, 480	46. 80	28, 479, 395	53. 20	53, 531, 875
1907.....	27, 598, 755	49. 00	28, 722, 720	51. 00	56, 321, 480
1908.....	26, 559, 865	49. 23	27, 394, 795	50. 77	53, 954, 570
1909.....	21, 493, 135	39. 83	32, 463, 350	60. 17	53, 956, 490
1910.....	24, 902, 485	41. 32	35, 370, 380	58. 68	60, 273, 865
1911.....	27, 191, 225	42. 29	37, 110, 135	57. 71	64, 301, 365
1912.....	25, 701, 690	35. 26	47, 192, 905	64. 74	72, 894, 600
1913.....	30, 443, 880	39. 99	45, 688, 900	60. 01	76, 132, 785
	<u>252, 519, 715</u>	.....	<u>331, 542, 460</u>	.....	<u>584, 062, 180</u>

The proportion of imports to Peru from the United States is 28 per cent, and the exports from Peru to this country 33 per cent. The increase in the total of Peru's commerce with foreign countries during the 10 years mentioned previously is more than 90 per cent.

The most important products exported are copper, cottons, sugar, petroleum and its derivatives, silver, rubber, wools, hides, gold, guano, and straw hats.

The imports which may be considered of most importance are machinery for agricultural purposes and allied industries, coal, cotton, linen, woolen and silk goods, corrugated iron in sheets, pig iron, timber, wheat, paper plain and printed.

The principal nations from which Peru imports these articles are Great Britain, United States, France, Belgium, Italy, Chile, and Germany.

The nations to which her exports are principally consigned are Great Britain, United States, France, Belgium, Chile, Germany, and Bolivia.

THE NATIONAL TAX COLLECTING CO.

The collection of taxes in Peru, with the exception of the salt monopoly, is farmed out to the National Tax Collecting Co., which charges 1 per cent on the revenue of the branches it administers, 6 per cent for collecting license fees in Lima and Callao, and 10 per cent for the administration of the piers at the ports of Tumbes, Supe, and Chala.

The capital of this joint-stock company is \$1,500,000.

During the year 1913 this company collected \$5,400,855 worth of taxes on the following products:

Tax on alcohol.....	\$1, 736, 220
Tax on sugar.....	487, 040
Tax on matches.....	174, 670
Tobacco monopoly.....	2, 257, 625
Opium monopoly.....	86, 455
Denatured-alcohol tax.....	97, 580
Municipal excise tax.....	561, 265
Total.....	\$5, 400, 855

THE NATIONAL SALT CO.

This is another joint-stock company which controls all the salt mines and deposits in Peru. It is also a fiscal company, organized for the purpose of obtaining and selling salt. Prices are fixed by the Government, the company working on the basis of a 5 per cent commission.

THE NATIONAL DEBT.

On the 30th of July, 1913, the internal debt of Peru stood as follows:

Consolidated notes, 1 per cent interest.....	\$13,303, 225
Redeemable bonds, no interest, but with a yearly amortization of \$125,000.....	5, 671, 050
	<u>\$18, 974, 275</u>
Market value:	
\$13,303,225, at 14½ per cent.....	\$1, 928, 966
\$5,671,050, at 10 per cent.....	567, 105
	<u>2, 496, 071</u>
Loan, 1913, guaranteed by the alcohol tax, at 6½ per cent.....	1, 000, 000
Loan, 1914, same guarantee, also 6½ per cent.....	1, 000, 000
Loan through the German Bank at 94, bearing 5½ per cent interest, guaranteed by the Salt Monopoly.....	6, 000, 000
Loans from local banks.....	\$2, 699, 000
Debt to Schneider & Co., of Paris.....	1, 255, 000
Claims and special debts.....	8, 257, 215
Local loan from National Tax Collecting Co., Lima.....	6, 225, 000
	<u>18, 436, 215</u>
	<u>\$28, 932, 286</u>

The population of Peru being 4,500,000, the per capita proportion is therefore about \$6.50.

BANKS IN PERU.

There are at present five banks which do business in Peru, as follows:

The Banco del Perú y Londres.....	Peruvian.
Banco Internacional del Peru.....	Peruvian.
Banco Popular.....	Peruvian.
Banco Italiano.....	Italian.
Banco Alemán Transatlántico, a branch of the Deutscher Bank of Berlin.....	German.

CAPITAL.

Banco del Perú y Londres:	
Paid-up capital.....	\$2, 500, 000
Reserve fund.....	1, 500, 000
Banco Internacional:	
Authorized capital.....	2, 500, 000
Paid-up capital.....	500, 000
Reserve fund.....	125, 000
Banco Popular:	
Authorized capital.....	1, 000, 000
Paid-up capital.....	750, 000
Cash reserve fund.....	310, 000

Banco Italiano:

Paid-up capital.....	\$1, 000, 000
Reserve fund	446, 650
Sinking fund	75, 000

Banco Alemán Transatlántico, for the purpose of transactions in

Peru	1, 000, 000
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The following was the condition of the five banks on December 31, 1914:

Banks.	Demand deposits.	Time deposits.	Advances, discounts, investments.
Peru y Londres.....	\$3, 680, 165	\$5, 896, 190	\$13, 762, 190
Alemán.....	2, 151, 985	3, 341, 455	5, 480, 280
Italiano.....	3, 020, 705	2, 478, 410	4, 063, 380
Popular.....	610, 595	1, 099, 440	2, 109, 125
Internacional.....	234, 005	312, 695	530, 830
	\$9, 697, 455	\$13, 128, 190	\$25, 945, 855

On hand.

Banks.	Gold.	Silver and copper.	Checks.	In banks in Lima.	In banks abroad.
Peru y Londres.....	\$42, 200	\$415, 465	\$1, 511, 345	\$113, 360	\$113, 365
Alemán.....	343, 135	155, 040	1, 282, 945	31, 990	332, 490
Italiano.....	136, 090	104, 940	1, 942, 170	151, 235	102, 760
Popular.....	9, 720	7, 700	582, 655	118, 225	49, 560
Internacional.....	6, 920	480	198, 945	10, 395	6, 240
	\$538, 065	\$683, 625	\$5, 518, 060	\$425, 255	\$654, 435

The Government does not interfere in the fixing of the rate of exchange. At the present time drafts on London at 90 d/s are quoted at $7\frac{1}{2}$ per cent premium per Peruvian pound, instead of one-half to 1 per cent, as is charged during normal conditions, owing, principally, to the want of bottoms to carry products to foreign markets. Rates of interest in Peru are stipulated by contract. When no such stipulation exists, a higher rate than 6 per cent, which is the legal rate, can not be charged.

The guaranties which are required upon soliciting loans are (a) personal, (b) collateral, and (c) mortgages. Personal guaranties are the signature of the borrower and those of his guarantors promising to cancel his obligation; collateral explains itself; and mortgages require the inscription in the real estate registers of the loan which is guaranteed by the mortgage on the property which is offered as security.

The time granted for the fulfillment of loans on signatures or collateral is generally 90 days, which may be extended on renewal; loans on mortgages are generally for terms of from 2 to 21 years, loans being sometimes effected for more extended periods.

There is no bank authorized to issue notes, nor would permission to issue such currency be easily conceded. At the present time, for the purpose of facilitating commercial transactions, and due also to the withholding of gold coin consequent on the state of war in Europe, laws have been drafted authorizing the banks to issue bearer checks to the amount of \$12,500,000 under the strict supervision of a vigilance committee formed for the purpose. This issue, to which the banks have subscribed, is guaranteed in the following manner: (a) 20 per cent in gold; (b) 30 per cent in mortgage bonds, warrants, etc.; (c) 50 per cent in commercial paper, listed on 'change, as well as different stocks accepted by the committee.

There is no special authorization required for the establishment of a bank. According to paragraph 11, article 21, of the Peruvian Commercial Code—

Foreign associations which wish to establish themselves in Peru shall produce and enter in the register a certificate issued by the Peruvian consul that they are constituted and authorized in accordance with the laws of the respective countries, in addition to their constitution and the documents required for Peruvian associations.

And according to article 185 of the same code—

All banks must have in their vaults at least one-fourth in sterling of the amount of their indebtedness to the public.

For the fulfillment of the legal obligation of inscription banks must pay from one-fourth to one-half per thousand, calculated on the amount of the declared capital; and further, they, as all other industrial concerns, are required to pay to the Government the right to transact business which is calculated at the rate of 5 per cent on the net earnings. Branches, when established, must have a permanent representative body, according to their statutes, resident in the country. The branch of an American bank would be most favorably considered by the commerce of the nation. The business of exchange is generally conducted by banking institutions directly with their clients. There is no need of obtaining a special permit such as brokers require so as to carry out such transactions. Other banks are the Banco de Depósitos y Consignaciones (Deposits and Consignments), which was founded with a capital of \$500,000, subscribed by the banks in Peru; this institution represents in Peru what the clearing house is to New York. The daily transactions are, on an average, \$1,000,000. The "Caja de Ahorros de Lima" (Lima Savings Bank) has a capital of \$100,000, and has over \$1,000,000 in deposits.

The dividends paid by the banks in Lima in 1913 were as follows:

	Per cent.
Banco del Peru y Londres	14
Banco Italiano.....	8
Banco Popular.....	12
Banco Aleman (no data available).	

CURRENCY.

During 1914 the Government mint (Casa Nacional de Moneda) put into circulation the following:

Peruvian gold pounds	124, 412
Peruvian silver dollars.....	1, 143, 527

The legal standard in Peru is the Peruvian gold pound, equivalent in value to the British pound sterling. Each Peruvian pound is worth 10 silver dollars or "soles," and each dollar or "sol" is worth 100 copper cents or "centavos."

Gold currency being withheld during the present crisis, bearer checks have of a necessity taken its place in all transactions. These, as has been mentioned, are guaranteed in the fullest manner and have an equal redeeming value as the Peruvian gold pound, which is equivalent to \$4.8665 American.

FOREIGN TRADE.

An increased foreign trade with Latin America will be attained only in the proportion of the permanent investments of American capital which will and can be made in all such non-manufacturing countries as Peru whose trade is sought. Without such financial assistance, which has hitherto been received from Europe, the important purchases of American commodities are restricted.

Unless this is done, upon the cessation of hostilities, when Europe shall have once more found her bearings, our markets will be recovered by the nation which will recuperate quickest and resume its former connections, as well as that which is financially strongest and therefore able to help Latin American countries to develop their industries and markets. The mere manufacturing of goods and a willingness to exchange them for cash in hand, or even on reasonable terms of credit, are not sufficient to stimulate an increase of American exports.

American financiers must help Latin American countries to augment their purchasing power. This can only be done if America is willing to devote money to buying their products and for investment in the extension of their railways, the encouragement of agricultural and mining industries, the development of water-power enterprises, irrigation works, and the like.

The establishment of an American bank in Peru is likewise urgently required, since this would facilitate commercial transactions and direct banking exchange with the United States. Without this most important condition there will never be any firm foundation upon which to build up the desired permanent commercial reciprocity between our countries. It is also unquestionable that the

furtherance of these intentions would be considerably assisted by the establishment of branches of American commission houses and manufacturers' agencies in Peru.

While upon this subject we would further point out the desirability of establishing in Lima branches of different American manufacturers whose output in the United States is insufficient to meet the demands of South American trade and which require raw materials produced in Peru.

A brilliant future awaits the founding of agricultural and land and real estate banks, the want of which is acutely felt in Peru. These would assist the landowner and farmer to develop their holdings, increase their crops, and thus contribute to the gradual bringing under cultivation of the vast tracts of fertile land which at present lie fallow and unproductive.

Passing to enterprises of a more ambitious nature, we would draw attention to the possibilities which await the construction of railways from the coast to the interior or Amazon region, tapping the unexplored zones of our Tropics and carrying their produce to the sea. Three routes are under survey, the principal difficulty being the matter of capital, which, from its magnitude, should appeal to North American financiers.

A direct fast passenger service, under the American flag, from New York to Callao, arranged so as to avoid the quarantine difficulties, which at present cause so much unnecessary delay by the Panama route, would prove of inestimable benefit.

A considerable increase in the number of communications would, we are sure, attend the reduction in the present cable rates to the west coast, which are too high to allow of frequent use in commercial and private messages, especially since the difference in language makes the use of codes not always possible in the latter case.

The means of utilizing the high-power wireless stations in Peru, in conenction with those in this country, for ordinary messages deserves the attention of the committee.

Perhaps the measure which is of more immediate necessity is that which deals with the condition of foodstuffs exported to Peru. It is well known that the laws in the United States governing this particular matter are extremely strict, and very properly so, since the health of the public is directly dependent upon their observance by manufacturers. Unfortunately, such is not the case when the merchandise is destined for export. We would earnestly draw the attention of the committee to the advisability of extending the requirements of the pure-food laws to include all foodstuffs shipped to Peru.

(Signed)

ISAAC ALZAMORA.

EDUARDO HIGGINSON.

MEMORANDUM No. 1
SUBMITTED BY THE DELEGATION OF
THE REPUBLIC OF SALVADOR

MEMORANDUM PRESENTED BY THE DELEGATION FROM THE REPUBLIC OF SALVADOR.

FOREWORD.

If the results of the conference of the delegates from the nations of America gathered here are to be practical and enduring, the spirit of the conference should itself be practical. For this it is indispensable that its work be done for the benefit of all, frankly and cordially in the spirit of fraternity.

We, in this Areopagus, should all regard ourselves as representatives of that great entity, America, pursuing the same objects of civilization for the social and commercial drawing together of all its people. Only in this way can our labors be fruitful.

The points taken up herewith, although in the majority having general application for the sister nations, are nevertheless discussed in detail from the point of view of Salvador.

COMMERCIAL CREDIT.

From time immemorial the older nations have given credit to the younger nations with limited resources; the credit has been extended in different ways, but has always been a sign of prosperity on the part of the nation opening the door to its capital, and permitting it to seek greater reward abroad. Credit is the power which supports and equalizes fortunes and stimulates saving. In antiquity, during her prosperity, Athens advanced capital for commercial purposes to the countries of the Mediterranean. In the Middle Ages, and at the beginning of modern times, the same facilities of credit were utilized among the more advanced nations; the Dutch merchants, in their sales of merchandise throughout Europe, were accustomed generally to grant a year's time for payment.

In a country the economic activity of which is developing normally the system of cash payment in commercial transactions, whatever their nature, can not be the only way, nor indeed, the principal way, of buying. Cash purchase demands readiness of capital, and such an organization of business is only understood among primitive peoples.

A commercial entity's power of enlarging its possessions ought not to be limited to the capital represented by cash, but it should include the whole of its material and moral inheritance; that is to say, both the material values and the immaterial values which are the most precious—professional skill and honor. Cash sales and transactions are limited in the world of modern business to direct relations with the consumer.

It will not be possible to extend, nor even to preserve, the present commerce of the United States with Salvador—and it is certain that the same may be said with respect to the other Latin-American countries—if the merchants, manufacturers, commission dealers, and business men of the United States, do not open extensive credits, in order to make all these countries valuable and important clients, seeing that they possess the natural resources adequate to such result. At present, the paralysis of long-term business with the European nations has caused profound confusion in the commerce and agriculture of our countries, and by reaction, likewise serious disturbances in the national budgets. Since there are no reasons that could cause capital and the value of city and rural properties to diminish, and since all commercial institutions remain on a normal basis, and since the elements of production of our countries are sound, it would be a lack of foresight and of financial policy on the part of the United States not to take advantage of these historic moments to assist our countries without greater distress to pass through this crisis, which has no origin at home; we repeat, that it would be an error without justification on the part of a rich nation, possessing so many resources of every sort.

It is for the illustrious congress here assembled to seek the best means for extension of credit, as credit will be the salvation of the American countries in this crisis, and with the help of the Government of the United States this task will be lighter.

COMMERCIAL TREATIES.

A commercial treaty between the United States and Salvador can not be based on the so-called exclusive principle; it can be possible only in case the United States were to offer compensation for the advantages that we are willing to offer to American goods in our customs rates; because, if we were to concede to American goods without compensation such advantages as we extend to certain French goods by virtue of the treaty Zaldívar-Delcassé of 1901, we would lose a great part of our customs income. France has two tariff rates for imported foreign articles and grants us the lower one for our chief products, such as coffee, which pays only 136 francs per 100 kilos. By virtue of this treaty there are 36 French articles enjoying

preferential rights, and 22 articles of Salvador granted the lower French tariff rate.*

In view of the foregoing information our problem is, What will the United States offer us in compensation for the concessions which we are willing to grant them?

MONETARY SYSTEM.

The first function of money consists in measuring values, just as the meter measures lengths and the kilo weights. The establishment of money on a scientific basis constitutes one of the great elements of progress of the human mind, and age-long experience, as well as reason, demonstrates that coined money is merchandise with a value depending directly on the quantity of precious metal that it contains. History gives abundant proof that legal regulation is not enough to assign a value to a given coin and keep it fixed.

It is evident that in the majority of the Latin-American nations one of the most serious problems that must be solved if their economic conditions are to be improved is that of currency. The diversity of intrinsic and face values, as well as the multiplicity of systems, makes commercial transactions even between neighboring countries almost impossible, except by taking as a standard the currency of the United States or that of the great European nations. Money is principally an instrument of comparison, evaluation, and enumeration; or, in other words, a common denominator. It is from this point of view that it has been given the name of "measure of value," or "valorimeter." We believe that the adoption of a single monetary system, established on the uniform basis of a single gold standard coin, is one of the greatest steps for the drawing together of the 21 American Republics. Before any new system can be comfortably accepted it has to be tested practically. We believe, therefore, that a system long known and notably sound during many years would be preferable. The representatives of Salvador would suggest the general adoption of the currency of the United States by our 21 nations. The Government of the United States could mint a coin with the date of 1916 to the amount from \$350,000,000 to \$400,000,000

* Our exportations of coffee to France during the last 10 years have been as follows:

	Kilos (net).		Kilos (net).
1905 -----	10, 282, 934	1910 -----	5, 408, 761
1906 -----	10, 302, 691	1911 -----	9, 207, 073
1907 -----	6, 428, 264	1912 -----	5, 113, 356
1908 -----	8, 217, 262	1913 -----	6, 419, 723
1909 -----	10, 143, 126	1914 -----	5, 905, 665

which leaves an annual average of 7,742,885 net kilos of coffee, without counting also considerable quantities of indigo, balsam, and rubber, which likewise enjoy the lower rates.

that could be distributed among the twenty Latin-American Republics in the proportion of \$5 per capita. This amount would be paid by the respective Governments to the United States with the different stocks of money now existing in each country, and the differences that might occur would be paid within a reasonable time.

On the 1st of April, 1912, the principal and secondary monetary circulation in the United States was \$808,410,000, or \$8.48 per capita, and the note circulation was, during the same period, \$2,472,774,000, or \$25.97 per capita. As will be seen, the proportion of \$5 per capita of money that we have taken as a basis for Latin America is sufficient; but we might very well be able to vary these figures, augmenting or diminishing the quota for each country, in proportion, not alone taking into account the number of inhabitants, but also its relative wealth and commerce.

The adoption of the currency of the United States as the legal currency in all independent America might be established the 1st of January, 1916.

LOANS TO SALVADOR.

The entrance of capital into new and undeveloped countries is a continually recurring phenomenon that will never entirely disappear, in spite of the spread of civilization over the earth, because the different peoples are differently endowed with the genius of saving, and because different countries offer different openings for the investment of foreign capital. In new countries the national capital is not sufficient for the immense task of commercial and economic development, and it is, besides, timid and distrustful. At the present moment we do not think it practicable to look to the American money market for favorable conditions in a loan, on account of the excellent opportunity that is offered the money markets of the world, especially the American markets, as a result of conditions in Europe.

POSTAL TARIFFS.

A uniform intercontinental postal tariff of 2 cents (gold) for letters and 1 cent (gold) for printed matter and post cards, and the establishment of rapid and reliable service, would also be an element of a commercial and social drawing together of all the independent nations of America. We believe that the small sacrifice this would entail upon the treasury of the respective countries would be insignificant compared with the benefits that would result from the more intimate acquaintance with one another's resources and the broadening of commercial relations consequent upon such an agreement.

WEIGHTS AND MEASURES.

Weights and measures being one of the indispensable factors of commerce, it is natural that if the contracting parties have the same simple and practical system, it facilitates their calculations and transactions. The metric decimal system is the simplest and most scientific for all calculations; its adoption by all the nations of America would mean a great step toward commercial intimacy.

TRANSPORTATION.

The essential elements for development of import and export trade are low customs rates and rapid and secure communication, in order to carry American goods to our country and our products to the United States. We all know that transportation between this country and the southern Republics is insecure, expensive, and inadequate. The United States, which is right at our doors, should give us better means of communication than those we have with distant Europe. It is essential that the United States permit their ships bound from their Atlantic to their Pacific ports to touch at our harbors, that we might have more choice of ships for travel or freight. The Government of Salvador will make special concessions to foreign steamers stopping at our ports regularly and frequently; it would not only not charge port duties, etc., but it would even subsidize such a company, according to the importance and number of ships.

PARCEL POST.

The establishment of an intercontinental service for parcels not over 5 kilos in weight nor more than 50 cubic centimeters in volume, at a dollar rate, would facilitate many small transactions, themselves the forerunners of more important orders. If we had more facilities for orders and for payments, a number of articles that have been coming from Europe to Salvador by parcels post could be sent from the United States. A system of parcels interchange between the countries of Latin America would also be very advantageous. For example, there could be sent to the various Central or South American countries jipi-japa hats from Ecuador, perrajes from Guatemala, tiste or pinol from Nicaragua, and yerba mate from Paraguay, cigars from Cuba and Mexico, etc. To-day we are separated from each other less by distance than by vague knowledge of the natural and industrial resources and productive powers of our Latin-American brothers.

METHODS OF PACKING.

One of the complaints that our merchants make against American trade is the slack and careless way of packing. Much merchandise reaches us in bad condition at substantial loss to us. Especial complaint is made in this regard of parcels sent by mail. It is to be wished that this point be considered in such a way that through the Department of Commerce a better method of packing be adopted by manufacturers and jobbers, so as to avoid notable losses to our merchants.

AMERICAN BANKS.

Before mutually advantageous business operations can be undertaken extensively by Americans in Salvador and the other Latin-American countries, we must find that element which generates the power that alone can realize those operations successfully. This power we call credit, and credit can proceed only from a banking establishment with capital sufficient for the needs of these countries.

A bank founded with sufficient capital, and operating on a basis of liberal credit for commerce and of long-time credit at moderate interest for agriculture, would be the best instrument to develop commercial relations between the United States and our countries, as well as the best source of information for all enterprises desirous of establishing themselves among us.

So far as Salvador is concerned we may say that the foundation of a bank with a capital of \$10,000,000 and with a liberal credit policy would transform Salvador in a few years into an important commercial, industrial, and agricultural organism. We feel that a banking establishment in our country would be certain of substantial success. Like all the other Latin-American Republics, Salvador possesses untouched wealth, and, like them, her agriculture is still in a primitive state for lack of capital that might permit the undertaking of improvements on a large scale. As for industries, it may be said that they do not exist. Our Government is willing to offer all requisite facilities and privileges in everything purely of an economic and industrial character.

GENERAL RECOMMENDATIONS.

In conclusion, the delegation of Salvador respectfully proposes the following general resolutions:

First. That American manufacturers and merchants be recommended to try in every way possible to satisfy the tastes and requirements of Latin-American commerce and consumers; to improve

methods of packing their merchandise, and to concede reasonable credits and terms.

Second. That the foundation of American branch banks be undertaken with the support of the respective Governments, and by means of these branches that the attempt be made to introduce the monetary system of the United States in all the American Republics as the most stable basis for Pan American trade.

Third. That the Governments of America be recommended to except from every tax the merchant ships of the other Republics, giving them the same treatment that they give their own ships, so as to create an inter-American coastwise trade.

(Signed)

ALFONSO QUIÑÓNEZ M.

JOSÉ E. SUAY.

ROBERTO AGUILAR.

MEMORANDUM No. 2
SUBMITTED BY THE DELEGATION
OF THE REPUBLIC OF SALVADOR
ANSWERING THE QUESTIONS SUG-
GESTED BY THE SECRETARY
OF THE TREASURY

**MEMORANDUM NO. 2, SUBMITTED BY THE DELEGATION OF THE
REPUBLIC OF SAN SALVADOR, ANSWERING THE QUESTIONS
SUGGESTED BY THE SECRETARY OF THE TREASURY.**

I. PUBLIC FINANCES.

The European war, causing world-wide economic disturbances, has had a rather severe effect in Salvador. Our principal source of national income is the customs tariff, and that naturally is what has suffered most, not only because of the external troubles, but also on account of the lack of many products of the belligerent countries no longer to be had. Likewise we were affected by the shrinkage of credit due to internal conditions consequent upon the war, such as the scarcity of drafts for foreign payments and the high rates of exchange.

The import revenues of 1913 amounted to \$7,263,042.98 and of 1914 to \$6,076,770.61, showing a loss of \$1,186,272.37 (silver dollars—\$0.40 gold U. S.).

But in the year 1914 there were only three abnormal months in which the consequences of the war made themselves felt. Considering the percentages of these revenues from October, 1914, to March, 1915, the reduction is one of more or less than 40 per cent. On this account in the budget prepared by the Government in the month of April for the fiscal year beginning July 1, the income from import taxes has been calculated more or less on this basis.

The export tax had an increase during the past year of \$296,533.09 over 1913 because of the export of 130,000 quintals more of coffee and an increase of gold and silver exportations. The other internal sources of income fell off slightly, except that of alcohol, which suffered a loss of \$281,508.77, or 10.75 per cent over the preceding year.

Considering the percentage of the months already affected by the war and taking account of all probable contingencies—internal and foreign—the Government has calculated its income for the budget of the next fiscal year as \$10,800,000 (1913, \$13,734,133.46, and 1914, \$12,423,752.88, showing a loss of \$1,310,381.88). Public expenditures in 1913 were \$11,686,577.19; in 1914, \$11,311,623.31. In the foregoing figures none of the sums have been included which were turned over to the Sinking Fund Commission (Cartera de Crédito Público) for interest and amortization of foreign and internal obligations.

Immediately after the beginning of the war the Government took certain measures to deal with the fiscal situation by reducing expenses so far as possible without interfering with the administrative

requirements and needs of the country, by reducing the number of employees, by discontinuing public works in part, and by reducing the number of assistants in the consular service. The result was a reduction in expenses of \$374,953.88 (excluding that devoted to the debt—1913, \$11,686,577.19, and 1914, \$11,311,628.31).

August 11, 1914, an agreement was made with the bankers of the country whereby the Government might avail itself of a credit of \$4,000,000, at 5 per cent, which it was to commence to repay a year after the signing of peace in Europe. In April the Government and the banks made a new agreement, according to which the Government should no longer use this credit, releasing it for commerce and agriculture. In those eight months some \$2,600,000 of this account had been used by the Government.

In March the Government, wishing to release the banks from their obligation to afford the above-mentioned credit, saw itself obliged to suspend payments on the internal debt, to which procedure the creditors consented. The 14th coupon of the English loan of 1908, due February 15, 1915, and amounting to £43,005, was paid when due. We believe that the Government is taking the necessary steps to pay the 15th coupon (due Aug. 15).

The Government has submitted to the National Assembly various projects arrived at dealing with the situation, and balancing the budget of the next fiscal year. The chief project is one of a general income tax, wherewith the Government proposes to reform completely our economic system, and even though its effect will not be immediate, it is destined to replace, little by little, the tax on liquors and tariff rates. A tariff-reform bill was submitted lately, likewise with the idea of simplifying the customs fiscal system by keeping only the gold standard and suppressing the existing taxes, numerous and obstructive in character.

As to questions of cooperation see the general memorandum presented by our delegation, which treats of the cooperation of the United States with us in our business affairs.

II. THE MONETARY SITUATION.

Before the world crisis, the monetary situation of Salvador was good, since the banks had introduced large amounts of coin, unitary and fractional, at the beginning of 1914, at the time of and because of the failure of the so-called Banco Nacional (which has no connection whatever with the Government), so that the (metallic) cash balances of the other three banks still operating June 30, 1914 (a month before the war began), was \$4,514,773.62. In addition to this, \$3,000,000 had been drawn by the public from the banks in November, 1913, on account of the panic due to the failure of the so-called

Banco Nacional. The situation was all the more satisfactory in that, according to bank statement of June, 1914, the note circulation of the three banks was only one of \$3,498,329, showing a cash reserve of \$1.29 in silver for every dollar in note circulation.

According to bank statement of December 31, 1914, the situation was: Silver cash balance of banks, \$3,664,937.74; note circulation, \$6,062,601; that is to say, a reserve of 60 cents on the dollar, a reserve quite legal and adequate.

It is entirely evident from experience that our supply of metallic currency is insufficient for the needs of commerce and agriculture.

As a matter of fact, the capital of the three banks now doing business is \$6,000,000. They may issue double their capital in notes, according to their concessions, on condition of having on hand 40 per cent (Banco Occidental and Agrícola Comercial) or 50 per cent (Banco Salvadoreño).

As may be seen, the total of the circulating coin and credit money of the banks amounts only to \$10,000,000, to which we may add the \$3,000,000 in fractional currency in the public's hands. Calculating the population at 1,200,000, we have, then, only \$11 per capita, a quantity entirely insufficient, especially when it is realized that operations by check, indorsement, or transfer very rarely occur.

We gave in our memorandum our suggestion for the adoption of the currency of the United States as the legal and uniform currency of Latin-America. If this be not practicable, our Government will continue to seek a method of giving our silver standard coins a fixed gold value by means of a conversion fund as a preliminary step toward the establishment of the gold standard.

III. THE PRESENT BANKING SITUATION.

The banking situation is good, but as the capital of the banks is very limited—not sufficient for the necessities of the country—every business transaction is made difficult. Consequently, when the European crisis occurred, and the merchant and the farmer needed more credit for their business and for their crops since their European credit, needless to say, was cut off—the banks, in turn, cut some credits off entirely, and reduced others. On the other hand, the Government also had to have recourse to the banks in order to face the difficulties arising in the budget as a consequence of the reduction of governmental revenues. Nevertheless, examining the standing of the three banks, we may say that these institutions are solid and sound, so far as their own situation—that is to say, from the point of view of the stockholders—is concerned; but, viewing their situation so far as concerns general interests and the normal devel-

opment of the country, we come to the conclusion that the banks now established in Salvador do not meet the needs of the day, and the whole nation loudly demands the establishment of a new bank, organized with necessary resources on the principles which regulate similar institutions in the most progressive countries of to-day.

Here we can only repeat that for the development of the commerce of the United States in our country the establishment of a new bank there is not only desirable but necessary and fitting, because the most important interests of Salvador, as well as American interests there now, would combine for substantial success.

IV. THE FINANCING OF PUBLIC IMPROVEMENTS

and

V. THE FINANCING OF PRIVATE ENTERPRISES.

There are many public works of great importance to be carried out in Salvador, either by the Federal or municipal authorities or by private corporations.

Of these proposed public works the principal are the paving and establishing of sewage systems in the cities of San Salvador and Santa Ana. The first of these projects was attempted over two years ago, but was never finished through lack of funds. The Government, the municipalities, and public utilities commission of San Salvador should jointly guarantee the financing of these enterprises.

Another work of great importance, as much because of its influence on the development of the country as because of the amount of capital required, is the construction of the railroad from the port of La Libertad to the capital, a distance of about 50 kilometers.

A concession has already been granted for the construction of this line at Government expense, but the war has come and the enterprise can not be carried through, due to lack of funds.

Various other enterprises could be undertaken, for which the Government could give ample guaranties, particularly in the case of those which might be municipal, by a system of special taxation which would adequately cover the economic side of the work.

In our national budget there is always an item called public credit, which has varied in the last few years from \$3,000,000 to \$4,000,000, for the amortization of the English loan and of the domestic loan and for the payment of the respective interests involved.

The amount of money required to meet these loans is so great as to throw our budget out of balance, inasmuch as almost 30 per cent of the total public revenue is involved in the same.

I have stated in a previous paragraph that, because of the war, the Government has been obliged to suspend payment on the domestic

loan, but the fourteenth coupon of the English loan was paid upon maturity, February 15 of the current year.

Various bills have been presented to the National Assembly in the current year designed to increase our public revenue and to perfect its collection.

The principal of these bills is that proposing a general tax on revenue, which, although not capable of immediate application, will nevertheless serve as point of departure for general reform in our fiscal system, now so deficient and obsolete.

In regard to private enterprises, there are a great many companies and concerns which can not operate, due to lack of necessary capital. There are a number of waterfalls which could generate electricity and power and thereby give life to many an enterprise, all of which have, no doubt, been prevented from being put to practical use for the reason adverted to above, viz, lack of capital.

The Government on its part stands ready to facilitate in every way the introduction of American capital into the enterprises of the country and to make the necessary reform in legislation that will assure the creditor that the guarantees required will have the sanction and will be in accord with the principles of modern legislation in vogue among the most advanced nations.

All that has been referred to in this paragraph may be applied to agriculture; for although it is true that our farmers are making great efforts to better the crop and to produce more from the soil, nevertheless all their efforts are handicapped through lack of capital to operate on a large scale, and thus the development is very slow and progress insignificant, whereas with sufficient capital and under favorable conditions our farmers could devote themselves to enterprises on a large scale; the completion of which would involve several years.

VI. THE EXTENSION OF INTER-AMERICAN MARKETS.

The base for the extension of the Pan American markets, as I have stated in our memorandum, is credit, but in sufficient scale—that is, from 3 to 12 months—because this is the inconvenience which all our farmers and business men meet when they try to enlarge their transactions with the United States. There are persons in Salvador who are waiting for the war to be over in order to establish new relations with Europe, because the markets of the United States are closed to them for the reason that they will not give credit.

To facilitate acceptances and discounts the establishment of American banking houses would be the best agent, and, although it is true that now, as well as formerly, they have handled international trans-

actions, it has been only on a very small scale and with some difficulty, because our institutions have not all the money required and they lack the necessary credit avenues abroad.

In our memorandum we proposed the adoption of the United States system of currency for all America. If this is not done, El Salvador can, by special and private arrangement with the United States, adopt the currency of the latter. For this, however, a banking institution is needed with capital to supply the Republic with an adequate stock of money for the replacement of the currency now in use, and the furtherance of other Government reforms. This would give us financial strength and relieve us of the onerous burden of exchange, which involves such a sacrifice of our national resources.

(Signed)

ALFONSO QUIÑÓNEZ M.

JOSÉ E. SUAY.

ROBERTO AGUILAR.

MEMORANDUM OF SUGGESTED TOPICS FOR
CONSIDERATION OF THE CONFERENCE,
SUBMITTED BY THE DELEGATION OF
THE REPUBLIC OF URUGUAY

**MEMORANDUM OF SUGGESTED TOPICS FOR CONSIDERATION OF
THE CONFERENCE, SUBMITTED BY THE DELEGATION OF THE
REPUBLIC OF URUGUAY.**

I. Maritime transportation.

II. System of weights and measures.

III. Communication by cable—how to render it more economical.

IV. Monetary unity, exchanges, and arbitrages.

V. American banks.

VI. Commercial credit—Sales on time.

VII. Postal Union—Adhesion of the North American countries to the South American Postal Union in order to facilitate and cheapen mail service.

VIII. Facilities through customs and in other ways for commercial interchange between American countries.

IX. Interchange of students in the higher business schools between the American countries and establishment of mercantile museums in such schools.

X. Necessity of diminishing imposts on the necessities of life and of increasing those upon other articles. Laws for progressive taxes on inheritances and adoption of international measures with a view to avoiding fraud.

MEMORANDUM ON THE EFFECTS OF THE EURO-
PEAN WAR SUBMITTED BY THE DELEGATION
OF THE REPUBLIC OF URUGUAY

EFFECTS OF THE EUROPEAN WAR IN URUGUAY.

I. FIRST MEASURES TAKEN.

At the outbreak of the war international commerce was disturbed by reason of the reaction of the measures adopted by all countries upon maritime transportations, banking credits, imports, and exports.

As the parties most affected by the panic were the people who had deposited funds in the banks and the holders of bonds, the Government of Uruguay issued a decree on the 2d of August prescribing:

1. The closing of banks and stock exchange for one week.
2. Extension of the time when commercial and banking paper became due until the opening of the banks.
3. Extension for the same time of customs duties due.

II. GENERAL MEASURES OF AN ECONOMIC NATURE.

On August 8 the executive power introduced a bill, which was approved, that established temporary banking regulations, in order to prevent the withdrawal of deposits from private banks and the conversion of bills at the Bank of the Republic. This law prescribed:

1. That the "Banco de la República" (State bank) was authorized to abstain from converting its bills for a period of six months, which was later extended to a period of three months after the termination of the European war, but limiting the issuance of bills to the normal proportions stipulated by the charter of the bank; that is to say, maintaining gold reserves equal to 40 per cent of the total amount of bills issued (from \$10 up) besides sight maturities, the total amount of bills to be issued not to exceed \$26,000,000, which is less than the amount authorized by the charter of the bank, the latter being three times the amount of the paid capital stock of the bank, provided gold reserves not inferior to 40 per cent are maintained.

2. Private banks are empowered to make use of their gold reserves, depositing the same in the Banco de la República up to \$4,000,000, and receiving in exchange bills from the Banco de la República, thus raising the total amount of bills to be issued by the Banco de la República to \$30,000,000 in the aggregate.

3. From the \$26,000,000 in bills issued for the general transactions of the Banco de la República, \$4,000,000 were to be applied to the rediscount of commercial paper existing in private banks.

4. The bills of the Banco de la República were accorded cancelling power.

5. The postponement for a period of two months for the fulfillment of judgments for public sales in all proceedings and the validity of conditional contracts of sale for a like period.

6. The postponement for one month of the dispossession of those who delayed payments.

7. The prohibition of the exportation of gold.

III. RESULTS OF THE MEASURES ADOPTED.

The conditions of the banks in July were:

Deposits in current accounts:

Banco de la República	\$6, 945, 863. 00
Private banks	13, 025, 333. 73
Total	<u>19, 971, 196. 73</u>

Term deposits and savings bank deposits:

Banco de la República	5, 427, 718. 00
Private banks	15, 966, 264. 31
Total	<u>21, 393, 982. 31</u>

Discounts and loans:

Banco de la República	32, 368, 753. 00
Private banks	36, 508, 958. 78
Total	<u>68, 877, 711. 78</u>

Cash, gold:

Banco de la República	11, 692, 436. 00
Private banks	5, 701, 497. 33
Total	<u>17, 393, 933. 33</u>

Small bills, silver, and nickel:

Banco de la República	1, 975, 417. 00
Private banks	3, 233, 528. 26
Total	<u>5, 208, 945. 26</u>

Bills outstanding:

Large	16, 262, 750. 00
Small	5, 337, 669. 50
Total	<u>21, 600, 419. 50</u>

The conversion of bills during the last days of July, when the prospects of war were already evident, caused the gold stock of the Banco de la República to decrease to \$10,399,446, when the conversion was postponed by said Government decree; large bills outstanding amount-

ing to \$16,165,196, together with sight obligations, \$4,800,810; total, \$20,966,000. Percentage of gold reserves, 49.60 per cent.

The economic effects can be appreciated by the statements of the banks in July and subsequent months.

STATEMENT OF BANKS.

1. Deposits in current accounts:

	1914.	State.	Private.	Total.
July.....		\$6,945,863.00	\$13,025,333.73	\$19,971,196.73
August.....		6,458,470.00	11,616,581.78	18,075,051.78
September.....		6,722,057.00	12,053,183.45	18,775,240.45
October.....		6,943,588.00	12,238,380.72	19,181,968.72
November.....		7,147,652.00	12,199,101.55	19,346,753.55
December.....		7,445,191.00	11,467,164.55	18,912,355.55
1915.				
January.....		7,560,010.00	12,073,655.78	19,633,665.78
February.....		7,626,631.00	12,256,250.81	19,882,881.81

2. Term deposits and savings bank deposits:

	1914.			
July.....		\$5,427,718.00	\$15,966,264.31	\$21,393,982.31
August.....		5,538,763.00	15,245,278.40	20,784,041.40
September.....		4,649,061.00	14,860,402.74	19,509,463.74
October.....		4,102,557.00	13,972,878.27	18,075,435.27
November.....		4,107,061.00	13,411,816.13	17,518,877.13
December.....		3,857,256.00	13,012,996.11	16,870,252.11
1915.				
January.....		3,706,187.00	12,751,779.69	16,457,966.69
February.....		3,916,577.00	12,518,635.03	16,435,212.03

3. Discounts and loans.

	1914.			
July.....		\$32,368,753.00	\$36,508,958.78	\$68,877,711.78
August.....		35,095,000.00	35,561,287.05	70,656,287.05
September.....		35,657,584.00	35,697,590.61	71,355,174.61
October.....		35,743,370.00	35,688,567.34	71,431,937.34
November.....		35,676,535.00	34,170,426.07	69,846,961.07
December.....		34,249,523.00	33,405,258.93	67,654,781.93
1915.				
January.....		33,117,429.00	33,052,078.98	66,169,507.98
February.....		33,902,002.00	31,754,848.85	65,656,850.85

4. Gold stock:

	1914.			
July.....		\$11,692,436.00	\$5,701,497.33	\$17,393,933.33
August.....		10,564,072.00	4,404,202.21	14,968,274.21
September.....		10,449,514.00	4,710,241.92	15,159,755.92
October.....		10,934,871.00	5,256,203.75	16,191,074.75
November.....		11,058,870.00	5,359,509.34	16,418,379.34
December.....		11,128,834.00	5,287,441.61	16,416,275.61
1915.				
January.....		11,633,756.00	4,563,926.84	16,197,682.44
February.....		12,016,561.00	4,979,156.88	16,995,717.88

In the last tables gold in deposit held by the Banco de la República from other banks and that placed in the legations is not mentioned. The real gold situation of the Banco de la República in March was (to-day it is still more favorable):

Its own gold deposited in the bank.....	\$12,742,946	
Gold deposited in legations and consulate of New York.....	1,675,104	
		\$14,418,050
Gold held in trust deposited by private banks against bills.....	1,587,994	
Total amount in the Banco de la República.....		16,006,044

5. LARGE BILLS OUTSTANDING.

[Privilege of the Banco de la República.]

	Against gold of the bank.	Against gold in trust.	Against gold in legations..	Total.
1914.				
July.....	\$16,282,750.00	.....	.....	\$16,282,750.00
August.....	18,614,660.00	\$1,366,110.00	.....	19,980,770.00
September.....	18,587,430.00	1,000,000.00	.....	19,587,430.00
October.....	19,001,460.00	820,060.00	.....	19,821,520.00
November.....	19,206,010.00	750,260.00	.....	19,956,270.00
December.....	20,177,280.00	1,624,160.00	.....	21,801,440.00
1915.				
January.....	19,176,999.20	1,523,160.80	\$903,567.66	21,603,727.66
February.....	20,034,585.42	1,446,994.58	11,674,474.46	23,156,054.00

The increase of bills outstanding during the last month is in keeping with the period of heavy exports in cattle products of Uruguay.

At the beginning of March the Banco de la República maintained gold reserves to the amount of \$16,006,044, against \$23,156,054 in large bills outstanding.

All the staple articles of exportation of Uruguay—that is to say, meats, wool, hides, grease, and subproducts—were in great demand from abroad, with steadily increasing prices. In order to facilitate these transactions, as exchanges were rendered difficult, the deposits of gold in the Uruguayan legations were authorized.

IV. FOREIGN TRADE.

The foreign trade during the last years has been:

Years.	Importation.	Exportation.	Total.
1909.....	\$36,944,106	\$45,109,191	\$82,053,297
1910.....	40,814,161	40,935,638	81,749,799
1911.....	44,798,175	42,499,870	87,298,045
1912.....	49,487,576	48,800,744	98,288,320
1913.....	50,352,901	49,896,392	100,249,293
1914.....	37,234,877	52,418,802	89,653,679
In 1915:			
January.....	2,291,542	6,932,240	.....
February.....	2,236,201	5,461,857	.....
March.....	3,114,792	6,084,114	.....
April.....	2,842,851	5,586,971	.....
Total.....	10,485,886	24,065,182	.....

We see by the importations of 1914, as compared with those of the previous year, what was the effect of the war on such importations.

The importations of great divisions on an average of the last years are:

	Per cent.
Foodstuffs	19.02
Textiles and manufactures of.....	18.77
Iron, steel, and products of.....	11.04
Stone, earth, glass, etc.....	11.10
Lumber and woods.....	8.15
Metals, not including iron.....	8.15

	Per cent.
Industrial oils.....	3. 12
Drugs	2. 24
Live stock.....	1. 94
Other products.....	22. 28
Exports:	
Live-stock products.....	90. 24
Agricultural products.....	4. 23
Mineral products.....	4. 60
Game and fishing products.....	.46
Ship provisions	.47

V. TRADE BETWEEN THE UNITED STATES AND URUGUAY.

The trade between the United States and Uruguay attained its highest figures in the fiscal year of 1914, wherein mercantile transactions were carried on which amounted in the aggregate to \$13,356,410, as against \$9,972,842 in 1913, \$10,753,821 in 1912, \$6,931,447 in 1911, and \$11,686,041 in 1910. The following tables will give the various items of importations and exportations:

Years ending on June 30.	1910	1911	1912	1913	1914
EXPORTS.					
Meat products.....	\$185,631	\$200,866	\$162,696	\$55,588	\$2,533,262
Bones, horns, etc.....	48,021	66,996	55,716	38,529	75,304
Feathers.....	2,370	3,195	17,230	27,369	10,364
Guano and fertilizers.....	62,393	47,923	28,193	65,777	88,141
Animal hair.....	133,020	103,560	93,274	61,062	50,206
Leathers.....	5,167,432	1,009,164	2,196,876	1,513,332	2,782,139
Refuse, tailings, etc.....	5,721	37,483	19,388	9,092	23,748
Wool.....	1,779,341	123,665	624,551	654,211	2,118,862
Other products.....	29,967	20,884	33,752	25,737	33,118
Total.....	7,413,896	1,613,736	3,231,676	2,450,697	7,715,144
IMPORTS.					
Agricultural implements.....	242,582	393,686	506,153	491,469	278,652
Chemical drugs.....	130,061	157,103	168,169	166,467	141,314
Manufactured cotton.....	84,814	126,997	123,854	146,344	102,149
Explosives.....	22,608	156,858	51,035	52,547	53,625
Iron and steel wire.....	79,918	61,946	112,184	88,011	55,786
Iron and steel, machinery and implements.....	539,955	790,812	1,419,293	1,473,385	819,836
Manufactured leathers.....	170,179	182,915	253,724	297,524	247,737
Petroleum and oils.....	1,171,855	1,016,335	1,113,588	1,587,406	1,520,415
Paper and cardboards.....	38,488	43,928	59,301	53,453	67,546
Tobacco.....	2,305	3,175	1,935	450	.....
Finished and unfinished lumber.....	916,218	1,046,446	1,310,969	1,288,211	850,770
Vehicles and their parts.....	169,153	357,407	511,474	551,671	423,894
Instruments for scientific uses.....	75,961	37,777	53,944	11,489	10,095
Strings and ropes.....	100,855	146,477	117,202	213,545	105,874
Rosin and turpentine.....	167,759	252,021	233,828	260,925	130,822
Other articles manufactured and foodstuffs.....	359,434	543,828	843,652	839,208	832,701
Total.....	4,272,145	5,317,711	6,880,325	7,522,145	5,641,266

EXPORTS.

Upon closely examining the exportation tables one can see from the start that Uruguay sold to the United States during the fiscal year of 1914 products to a greater value than during the three preceding years, 1911, 1912, and 1913, in the aggregate.

Meat products.—It is noticeable likewise that the designation of meat products appears for the first time in large amounts. During the first four years of the last period of five years the annual sales to the United States of these products of Uruguay did not reach more than \$200,000. In 1914 this item amounted to \$2,533,262. These figures refer merely to the direct exportations from Montevideo to New York from October, 1913, until June, 1914. During the same period there were exported to Europe meat products of Uruguay valued at \$741,000, thus giving a total of \$3,274,262, represented by 16,388,210 kilograms. As is well known, this extraordinary increase of our sales of meat products to the American Union owes its origin to the last amendment of the United States tariff, which placed these products in the list of articles that entered the country free from duty.

On account of the European war the entries of Uruguayan meat products went down considerably during the second half year. The exportations from our country are diverted to European markets, whose military administrations pay 2, 3, and 4 cents more per pound. However, the United States received Uruguayan meats for the value of \$1,144,546 during the last six months of the year, and, moreover, they sold to the Governments of the belligerent countries several cargoes of Uruguayan meat, the same having arrived in the ports of the United States.

Wool.—Uruguayan wool—which the new tariff law exempts from entry duties—is sold in larger quantities than ever before to the United States. During the fiscal year of 1914, by a direct route, 4,180,520 kilograms were entered from Uruguay, with a statistical value of \$2,118,862. Imported via Belgium came 920,090 kilograms and from the Argentine Republic 21,370 kilograms, with a total value of \$883,410. Therefore during that year the United States bought wool in Uruguay for the amount of \$3,002,272.

The arrival of Uruguayan wool to the United States via Europe, paying double freight, insurance, and commissions, is due to the following fact: The textile industry of the United States is of a somewhat speculative character, and the necessity of the article itself can not be anticipated not even approximately by the factories. Thus these industrial establishments may not require large quantities of wool at the beginning of the year at which period they can be acquired in Uruguay in great abundance, and may need them toward the middle of the year when what is stored in our country amounts to nothing. However, the sending of competent buyers to Montevideo at the opportune time will contribute to give considerable expansion to this trade.

Hides.—During the fiscal year of 1914, 6,499,340 kilograms of cattle hides from Uruguay were imported to the United States, valued

at \$2,782,139, which are the highest figures of the five-year period with exception of the year 1910, in which year, on account of the abolition of the customhouse duties on hides these products were received for the sum of \$5,167,432 with a weight of 13,971,930 kilograms. By way of Europe in 1914 there also entered from Uruguay hides in quantities impossible of ascertaining with accuracy, but whose value was not below \$500,000.

As far as the second half year of 1914 is concerned, be it on account of the new necessities brought about by the European war or for other reasons, the volume of Uruguayan hides purchased by the United States was three times as much as that of the previous similar period in the preceding year, but with a decrease in its value. The 856,440 kilograms of 1913 are worth, statistically speaking, 55 cents, and the 2,361,220 kilograms of 1914 were calculated at 42 cents.

Other products.—The exportation of fertilizers shows the highest value in the five-year period—\$88,141 in 1914 against \$65,777 in 1913. The same thing happened with the bones, horns, etc., whose highest figures were \$75,304 in 1914 and \$66,996 in 1911. The exportation of animal hair decreased without interruption from \$133,020 to \$50,206 in the extremes of the five-year period. The exportation of ostrich feathers also decreased as compared with those of the two previous years, but shows considerable increase in the second half year.

In short, the real purchases made by the United States in Uruguay in 1914 can be summarized as follows:

Products.	By direct route.	By indirect route.	Total.
Meats.....	\$2,533,262	\$741,900	\$3,275,162
Wool.....	2,118,862	883,410	3,002,272
Hides.....	2,782,139	500,000	3,282,139
Other articles.....	280,881	300,000	580,881
Total.....	7,715,144	2,425,310	10,140,454

IMPORTS.

Importations.—The effects and consequences that the European war had on our country, the principal characteristic of which was the forced restriction of credit of the banking institutions, are clearly reflected in the importations of 1914; that is to say, the purchases made by Uruguayan merchants in the United States. The trade of Uruguay with the United States decreased not only because its buying capacities were diminished but also because it placed itself in harmony with the whole world; that is to say, in a situation of prudent expectancy. It imported from the United States less iron and lumber, because probably the erection of buildings decreased in importance; less machinery and iron and steel, because its industries did not increase their volume of production, and even possibly de-

creased. On the other hand, Uruguay maintains its large purchases of petroleum and oils, and also its most modest acquisition of chemical and drug products, because it is not possible to do without those elements of necessity which are indispensable in the existence of all enlightened nations.

The orders of Uruguay reach \$5,641,266—that is to say, \$1,880,879 less than in 1913 and \$1,239,059 less than in 1912. Petroleum and oils reach the sum of \$1,520,415, which is approximately the aggregate of the previous year and \$406,827 more than in 1912. The importations of iron and steel, machinery and implements, decrease to \$1,473,385 in 1913, to \$819,836 in 1914, and the unfinished and finished lumber from \$1,288,211 to \$850,777. Vehicles and their parts slightly decrease from \$551,671 to \$423,884. In implements and agricultural machinery a considerable decrease is likewise noticeable; the numbers are, respectively, \$491,496 and \$278,652. The same thing happens with sisal grass and twine, which decrease from \$213,545 to \$105,874; rosin and turpentine from \$260,925 to \$130,822; iron and steel wire from \$88,001 to \$55,786; and manufactured cotton from \$146,344 to \$102,149. Instruments of scientific use and manufactured hides are maintained at their customary amounts. Paper and cardboard rise from \$53,493 to \$67,546. The importations of tobacco are so insignificant that they are no longer mentioned in the statistics of 1914.

Viewed as a whole, our sales to the United States amount to \$10,140,454 and our purchases to \$5,641,266. Therefore Uruguay gains in its mercantile transactions with the American Union \$4,499,188 in the fiscal year of 1914. This balance in favor of our country reaches nearly \$10,000,000 in the calendar year of 1914, for according to the last official data of the United States our sales increased up to \$14,000,000 and our purchases hardly exceeded \$4,000,000.

VI. FINANCIAL SITUATION.

The economic situation of Uruguay was satisfactorily relieved. The financial situation, however, presented the following adverse features:

The revenue of the country was decreasing, particularly the customs receipts, as can be seen by the following table:

Months.	1913-14	1914-15
July.....	\$543,729	\$511,274
August.....	1,243,986	915,237
September.....	1,323,199	898,461
October.....	1,412,591	848,157
November.....	1,058,972	694,115
December.....	1,534,264	951,121
January.....	948,330	698,298
February.....	1,049,432	766,872
March.....	1,700,939	1,450,732
April.....	.....	1,032,702

The total revenue (customs duties, direct, and internal taxes, etc.) showed the following figures:

Months.	1913-14	1914-15	Difference.
July.....	\$849,637	\$306,203	\$43,434
August.....	2,104,276	1,959,624	144,652
September.....	2,656,608	1,864,324	792,284
October.....	2,136,783	1,525,039	611,744
November.....	1,691,081	1,244,289	446,792
December.....	2,218,913	1,494,834	724,079
January.....	2,135,328	1,674,789	460,539
February.....	2,496,444	2,436,825	59,619
March.....	3,788,260	3,488,016	300,244

Totals:			
From July, 1913, to March, 1914.....			\$20,077,330
From July, 1914, to March, 1915.....			16,493,941
Difference.....			5,583,389

FINANCIAL LEGISLATION.

The charter of the Banco de la República stipulated that from the yearly profits 50 per cent should go to the Government Treasury as general revenue and 50 per cent should remain with the bank and as a surplus increase the amount of its capital. New legislation was sanctioned empowering the Banco de la República to retain the whole of the profits (100 per cent) and increase with it the capital and therefore the loaning power of the bank for the benefit of trade and industries.

The profits of the bank in 1914 were \$1,200,000, and its capital was raised to \$13,262,000, all paid in.

The increase of capitals by means of accumulated profits since 1910 has been thus:

1910.....	\$8,195,358.06
1911.....	9,247,650.96
1912.....	11,075,872.99
1913.....	12,062,757.88
1914.....	13,262,757.88

The financial capacity of the bank saved the economic situation of the country.

In September a law was promulgated authorizing the floating of an internal loan amounting to \$4,000,000 at 8 per cent interest and 6 per cent for sinking fund. \$1,000,000 were intended for public works, roads, and schools; \$3,000,000 to meet the decrease in the current expenses of the budget, payments of works of public utility contracted by former administrations, and the purchasing of the mortgage bank.

The interest of 8 per cent was fixed because the loan was issued at par and the prevailing commercial and banking interest was as low as 9 and 10 per cent at that time in Montevideo.

To meet payments of interest of this loan, called "Vales del Tesoro," the following taxes were imposed:

- (a) An increase on the inheritance tax.
- (b) A tax on the export of live stocks.
- (c) Tax on statistics (an import and export tax based upon the statistical tariff).
- (d) An increase in the taxes on wines.

In order to create new general revenues, new taxes on spirits, cigars, cigarettes, and tobacco were levied. These laws were sanctioned during the last months of 1914 and the first of 1915. As it always takes some time until new taxes yield full returns, and in order to meet pressing budget requirements, an internal loan of \$6,000,000 has been sanctioned. The product of this loan will pay for improvements of the port of Montevideo (large warehouses, electric light and power stations, railroads, lands purchased for Government docks, dredging, etc.). With regard to this loan the immediate requirements are only \$4,000,000, and there will be no difficulty to have them subscribed in Uruguay. Interest will be paid by means of a 5 per cent duty on general imports, excluding foodstuffs, articles imported free of duty, and those taxed not higher than 8 per cent. It is anticipated that these duties will yield yearly from \$750,000 to \$800,000. The taxes for both loans "Vales del Tesoro" (already floated) and *interior debt, 1915* (to be floated), in the aggregate amounting to \$10,000,000, will yield from \$1,750,000 to \$1,900,000.

The Government would consider the advisability of converting both these internal loans into external ones if a substantial amount of interest could be saved this way. The high interest on these loans is due to the peculiar circumstances created by the European war, and the Government has determined to reduce this interest by means of a new financial operation. Its principal features might be 6 per cent interest and a sinking fund which would pay off the loan in 10 or 12 years, provided the interested parties in taking this loan would agree to an issue price in full accordance with the credit and responsibility of Uruguay.

The budget for the fiscal year 1915-16, ending June 30, amounts to \$29,477,311.81, including interest on public debts. The revenue is \$29,578,000, having been estimated very conservatively and the customs duty estimates having been cut down by \$5,500,000. The chief sources of revenues due to abnormal conditions created by the war are:

Customs duties	* \$12, 500, 000
Taxes on real estate.....	4, 400, 000
Commercial licenses	1, 700, 000
Taxes on cigars and tobacco.....	1, 250, 000

* Custom duties yielded \$17,500,000 in 1913-14.

Special duties for public education.....	\$960,000
Post office and telegraph.....	700,000
Taxes on alcohol.....	805,000
Taxes on matches.....	320,000
Taxes on beer.....	190,000
Taxes on brandy.....	80,000
Taxes on sugar.....	260,000
Taxes on wines.....	280,000
Export duties on live stock.....	480,000
Revenue stamped paper.....	580,000
Stamps.....	360,000
Consular fees.....	360,000

In the revenues are included incomes directly collected by some Government institutions organized with capital originating in public debts. Thus these institutions pay themselves their share of interest received on public debt. For example, the Banco de la República, founded with the proceeds of a loan (5 per cent, 1896), contributed yearly \$470,000 to the Treasury as per interest and sinking fund. The Mortgage Bank, which costs the State \$5,000,000, contributes \$300,000 yearly (5 per cent interest and 1 per cent sinking fund). The Insurance State Bank, established on the basis of a loan of \$3,000,000, contributes (\$180,000) yearly (5 plus 1 per cent). The State electric light and power plants, capitalized with the proceeds of a \$4,500,000 loan, contributes \$270,000 (5 plus 1 per cent).

PUBLIC DEBTS.

The largest debt of Uruguay is the *consolidated debt*, originating in a loan of 19,570,000 pounds sterling, 3½ per cent interest and 1 per cent sinking fund. In 1892 the distribution of these securities was as follows:

Distribution of securities.	Pounds sterling.	Per cent.
In Europe.....	16,623,460	86.27
In Uruguay.....	2,645,040	13.73
In 1915:		
In Europe.....	11,474,020	69.73
In Uruguay.....	4,980,000	30.27

The consolidated debt is considered the true barometer of the external credit of Uruguay. It is a security highly valued by insurance companies, savings banks, etc.

During the present European war the quotations of the debt were around 65 per cent, thus yielding net 5.35 per cent interest.

Next comes the *conversion loan* taken by the Banque de Paris et des Pays Bas at 90 per cent net and sold to the public at 97 per cent. The present circulation of these securities is:

Distribution of conversion loan.	Circulation.	Per cent.
In Europe.....	\$20,745,514	70.74
In Uruguay.....	8,579,000	29.26
Total.....	29,324,514	100.00

This shows that 30 per cent of the two principal public debts of Uruguay are held in the country, which proves the increasing wealth of Uruguay. And this is the more remarkable, as people in Uruguay tend more to invest their savings in the purchases of land and mortgages than in securities.

The *Guaranty Debt*, 4 per cent, whose circulation is \$2,630,200 belongs to-day to the State, as same was redeemed by the purchasing of the mortgage bank which had these securities as a part of its capital.

The *Unified Interior Debt*, 4 per cent, which amounts to-day to \$1,448,650, is held in London by a company to the extent of \$1,100,000, the balance being in Uruguay. Noteworthy is the fact that the company which holds these 4 per cent securities is anxious to keep them and does not avail itself of the privilege of having redeemed the amount subject to redemption by means of the sinking fund.

The *Insurance State Bank loan*, \$3,000,000, 5 per cent belongs to the State, as the bank never felt the necessity of selling bonds and has already substantial reserves.

In 1910 the public debt of Uruguay was \$136,214,000, increasing to \$142,873,000 on December 31, 1914. But it is well to keep in mind that the increase at \$6,559,000 is more apparent than real for the following reasons:

(1) That the debt of the Insurance Bank is held by this institution and now amounts to.....	\$2,921,200
The bank holding at the same time other securities to the amount of.....	100,000
	3,021,200
(2) That the debt of redemption of Government lands, amounting to \$1,282,528, converted an old floating loan, which represented for the Government a higher value equal to.....	1,282,528
(3) That the debt "certificados amortizables" is a loan made by the State to the holders of other securities, with relation action to profits of the Mortgage Bank, amounting to.....	1,151,170
(4) That with the purchase of the mortgage bank the guaranty debt was reduced to the extent of.....	2,630,200
(5) That the internal debt of the State electric-power enterprise, \$4,500,000, issued in 1913, was exchanged with foreign debt to the extent of.....	3,705,188
(6) That the Government holds "Vales del Tesoro" in a special fund.....	845,100
(7) That a parliamentary commission holds with the same purpose.....	487,450
(8) That the <i>Public Charities</i> , a Government institution, holds gifts and legacies to the amount of.....	683,000
Total.....	13,805,836

The foregoing shows that although the public debt increased by \$6,659,000 from 1910 to 1914 the State owns, one way or the other, \$13,805,836 of the debt. Adding to this increase the \$6,000,000 of internal debt to be issued, the total increase from 1910 to 1915 will be \$12,659,000, while the values redeemed and acquired by the State amount to \$13,805,836.

GOVERNMENT PROPERTY.

Against the public debt the State has acquired the following values from 1910 to 1914:

The Banco de la República, whose capital on December 31, 1910, was \$7,531,000, accumulated profits during the following four years to the amount of \$5,219,000, which capitalized at 6 per cent represent a value of \$22,000,000, and estimating the privileges of the bank, monopolized right of issuing bills, etc., at \$8,000,000, the total assets of the bank may be estimated at \$30,000,000. The State Insurance Bank, established in 1911, has been a remarkable success. Its profits in 1914 were \$253,000, which capitalized at 6 per cent represent a value of \$4,220,000. Added to its reserves and privileges (estimated at \$5,780,000) the value of the assets of the bank may be considered to be \$10,000,000.

The Mortgage State Bank cost the State \$5,000,000 in 1912, and with capitalized profits (\$1,617,000) and privileges is worth \$12,000,000.

The electric power enterprise is a State monopoly. Its capital based on 6 per cent capitalized profits was \$9,276,000 in 1910-11 and \$15,580,000 in 1912-13, and as the State monopoly is worth at least \$10,000,000, the total value of the enterprise may be put down at \$25,800,000. Thus we come to the following conclusions relative to the increased and total value of these four Government financial institutions during the years 1910 to 1915:

Institutions.	Increased value.	Total value.
Banco de la República.....	\$5,209,000	\$30,000,000
Insurance bank.....	4,220,000	10,000,000
Mortgage bank.....	6,617,000	12,000,000
Electric light and power.....	6,304,000	25,580,000
	22,350,000	77,580,000

There has been furthermore acquisitions and improvements representing the following values:

Port of Montevideo.....	\$3,528,000
Land purchase for agricultural stations.....	550,000
Geological Institute.....	100,000
Buildings for legations, the police, and jails.....	1,052,000

Bureau of fisheries.....	\$100,000
Legislative palace.....	111,000
Roads and bridges.....	3,898,000
Parks and other properties.....	3,292,000
Increased value of the Government institutions mentioned.....	22,360,000
Total value.....	34,991,000

STATISTICS.

Stock of cattle.....	heads.....	8,000,000
Stock of sheep.....	do.....	25,000,000
Stock of horses.....	do.....	500,000
Stock of hogs.....	do.....	180,000
Appraises value of land.....		\$1,200,000,000
Wheat crop (average).....	tons.....	200,000
Corn crop.....	do.....	200,000
Linseed crop.....	do.....	27,000
Oat crop.....	do.....	27,000
Wine crop.....	do.....	34,000
Tobacco crop.....	do.....	1,000
Railway extension.....	kilometers.....	2,540
Railway investments.....		\$90,000,000
Railway gross earnings.....		\$7,200,000
Railway guarantees.....		700,000
Passengers carried.....		2,000,000
Freight carried.....	tons.....	1,600,000
Live stock carried.....	heads.....	1,800,000
Cows slaughtered:		
1911.....	do.....	192,657
1912.....	do.....	200,794
1913.....	do.....	13,115
1914.....	do.....	9,842
Other cattle slaughtered:		
1911.....	do.....	382,624
1912.....	do.....	351,384
1913.....	do.....	418,204
1914.....	do.....	423,384
Sheep slaughtered:		
1911.....	do.....	296,891
1912.....	do.....	333,544
1913.....	do.....	309,152
1914.....	do.....	116,869
Value of slaughtered live stock.....		\$22,002,880
Wool crop.....		\$25,000,000

The staple products of Uruguay being meats, hides, and wool, at present in great demand by the belligerent countries and others, the prices for these commodities have attained extraordinary high levels, and are responsible for the large trade balances which Uruguay is accumulating and whose beneficial powers will show their full action when peace has been signed.

MEMORANDUM SUBMITTED BY THE DELEGATION
OF VENEZUELA

MEMORANDUM SUBMITTED BY THE DELEGATION OF VENEZUELA.

MR. CHAIRMAN AND GENTLEMEN :

My first thought—in seeing congregated here representatives of all these nations—is dedicated to the memory of the initiator of Pan American congresses, the liberator, Simón Bolívar, founder of the independence of Bolivia, Peru, Ecuador, Colombia, and that of Venezuela, the last of which I have the honor to represent.

Pardon me, gentlemen, if I make a short reference, born from a patriotic sentiment, regarding that subject, which digression I am sure you as honorable and worthy representatives of the republican entities of the world of Columbus will excuse.

The liberator, Simón Bolívar, called the first Pan American Congress at Panama in 1824. It convened in 1826. For various reasons which need not be mentioned here, it did not meet with great success. The United States appointed two delegates after some debating in Congress. One of them died on the way to Panama and the other reached that city when the congress had already been adjourned. The apparent failure of the Panama Congress proved to be in later years the basic principle for initial success of other congresses.

The eminent American statesman, Henry Clay, hailed Bolívar as the “Washington of South America,” and the brilliant Lafayette on a certain occasion did not fail to understand the true significance of that congress, with that inborn intuition with which supermen seem to be able to penetrate the future.*

Years later, in 1881, the distinguished American statesman, Mr. James G. Blaine, then Secretary of State, called a Pan American conference which convened in 1889. Mr. Andrew Carnegie was one of the delegates of the United States, and to his philanthropic spirit and staunch support of Pan Americanism we owe, in a great measure, the great palace of the Pan American Union, which stands to-day by itself in commemoration of one of the most unique and active institutions of the world.

To-day we find ourselves congregated for another Pan American conference, by virtue of an invitation through the honorable and talented Secretary of State, Mr. William Jennings Bryan.

While Mr. Blaine belonged to one of the two great political parties of this country, Mr. Bryan has been identified with the other party,

* See Appendix to this memorandum.

which clearly proves the fact that, no matter what the aspirations are in both political organizations, they are animated by the same spirit of Pan American solidarity.

It is incumbent upon the honorable Secretary of the Treasury of the United States to direct the proceedings of this conference, the object of which is very specific in its various phases. No doubt its results will be far-reaching, indeed, for all the countries represented, as we shall profit immensely by the experience acquired through those who are considered to-day as the masters of finance of the world.

It was shortly after the 1914-15 budget was put in force in Venezuela that the European war broke out. The suddenness of its appearance caused a great shock to the well-balanced financial systems of the world, for it was equivalent to the partial destruction of an internationally woven netting in which all the parts bear a common relation to each other.

Venezuela, being a country whose main source of revenue is derived from import duties, did not fail to recognize at once the transcendence of this unexpected event and immediately took the initiative to see that the normal course of the budget was not altered, notwithstanding the expectation—which proved true—of a considerable impairment in the revenues of the Republic.

The Government of Venezuela decided that, to meet the situation squarely and with some degree of success, it was necessary to act with great caution. Instead of increasing duties and taxes to make up to some extent the expected decrease in revenues, it adopted a course involving less hardship for her people to be burdened with: It reduced the personnel in the Government offices and forthwith proceeded to also reduce the budget expenditures by 25 per cent. Although this decrease was enforced in August, the operation of the budget on the 75 per cent basis proved by actual reckoning that it was insufficient to meet the decrease in revenues. By November following another retrenchment of expenditures on the same proportion was decreed. The results so far obtained, after 10 months of commercial disturbance in the world, have proved quite satisfactory to the Government, and Venezuela, in spite of all, has been able to accumulate a considerable surplus in her treasury, which also speaks very highly of the soundness of her monetary system.

Previous to the outbreak of the European war conditions in general were quite flattering, manifestations of certain prosperity being shown throughout the country in the form of industrial development, especially in agricultural and mining pursuits.

In facing the grave crisis of August, however, the Government of Venezuela did not have cause to be apprehended on her ability

to come through with flying colors, for she relied mainly on her old stand-by—the gold standard—which had been so powerful an aid in times past, to rehabilitate her from effects of internecine disturbances.

Venezuelans are proud of their monetary system, based on the gold standard, which they always have had, and it has been the aim of all administrations to see that it is not impaired in the least. In fact, this system is the object of special reference in the Venezuelan constitution. No fluctuating paper money exists in Venezuela. The bolivar, our unit, is on equal rating of exchange with the franc and the lire. In some months of the year, when coffee and cocoa crops are being raised, said unit is sometimes at a premium, for it is during that period when gold is imported into Venezuela. Some find it more profitable to pay a premium in discounting Venezuelan drafts in that country than to ship gold which pays a certain primage for transportation, which percentage is sometimes higher than the difference by the regular rate of exchange of the bolivar. Therefore, so far as the monetary standard of Venezuela is concerned, no relief is sought to alleviate inconveniences caused by a highly fluctuating monetary standard.

Although most commercial establishments in Venezuela are carrying out regular banking transactions with their correspondents abroad, the burden of banking facilities of the country is carried by three principal banking institutions, as follows: Bank of Venezuela, Bank of Caracas, and Bank of Maracaibo. There are also three loan and saving banks of minor importance.

The Bank of Venezuela has a capital of 12,000,000 bolivares. Its headquarters are at Caracas and it has agencies at La Guaira, Porto Cabello, Valencia, Maracaibo, Coro, San Cristobal, Barcelona, Cumana, Carupano, Porlamar, Juan Griego, Guiria, Maturin, and Ciudad Bolivar. It is the collector and disbursing officer of Government funds throughout the country, excluding the Government treasury at Caracas, which takes care of the capital. The issue of its bank notes has never reached \$400,000.

The Bank of Maracaibo, with a capital of 1,250,000 bolivares, is more of a local institution.

The Bank of Caracas has a capital of 6,000,000 bolivares and does a considerable business all over the country, having branches in the most important commercial centers. Here, again, we find that this bank has in circulation bank notes to the amount of about one-tenth of the issue allowed in its charter.

The proposed Pan American bank, with branches in the principal cities of Latin America, in the opinion of many, would be of paramount importance to shippers and manufacturers of all the American

Republics for the clearance of a great bulk of their commercial transactions. It is a long-felt necessity, and its operations could be established, perhaps, with the active cooperation of the present banking institutions.

The history of Venezuela's public debt demonstrates that our loans have always been underwritten in Europe. Thinking that it may be of interest to the conference, I beg leave to make a short chronological synopsis of Venezuelan loans and also a general statement of our public debt of Venezuela up to December, 1914, to wit:

1820. Debt contracted while Ecuador and Venezuela formed part of greater Colombia. It amounted to £547,783, for which debentures were issued.
1822. Loan by Graham & Powells for £2,000,000. Issue at 80 per cent, 6 per cent interest per annum. A portion of this loan was used to cancel the debt of 1820.
1823. Loan of \$30,000,000. General revenue and tobacco revenue pledged as a guaranty.
1824. Loan of £4,750,000 by B. A. Goldsmith & Co., of Hamburg. Issue at 85 per cent. Interest rate of 6 per cent per annum. The total indebtedness in this year was of £6,750,000.
1831. Greater Colombia was divided into three distinct Republics, New Grenada, Ecuador, and Venezuela.
1834. An apportionment was made in this year for the public debt, as follows:
 New Grenada, 50 per cent, or £3,312,975.
 Ecuador, 21.5 per cent, or £1,424,579.
 Venezuela, 28.5 per cent, or £1,888,396.
1848. Conversion of active debt interest at the rate of 4 per cent per annum.
1856. Venezuela received \$1,140,000 in 4.5 per cent Peruvian bonds, as proportion of debt from Peru.
1862. Loan issued at London for £1,000,000, at the rate of interest of 6 per cent per annum, 2 per cent sinking fund. Rate of issue, 63 per cent. Pledge was given of 55 per cent of import duties collected at La Guaira and Puerto Cabello.
1864. General Credit & Finance Co., of London, took loan of £1,500,000, at 60 per cent issue and 6 per cent interest.
1872. Decree by which custom receipts were divided into 100 units, of which 27 per cent was allotted for the service of the external debt.
- 1883-1888. Steps taken without avail for the consolidation of the external debt.
- 1889-1891. Public debt of Venezuela is divided into 4 classes: Domestic, diplomatic, foreign, and bonds. In 1891 the total debt of Venezuela was as follows:

Domestic (5 per cent), consolidated.....	\$7, 595, 227
Foreign (3 per cent), external.....	13, 450, 675
Diplomatic (13 per cent).....	1, 000, 000
1 per cent monthly debt.....	647, 499
	22, 693, 401

Less than 14 per cent of revenues was pledged for the service of these obligations.

1895. German loan of 50,000,000 bolivares by Diskonto-Gesellschaft, of Berlin, at 80 per cent issue. Bonds bearing 5 per cent interest and 1 per cent sinking fund.

1902. Consolidation of various internal debts by issue of bonds for 65,000,000 bolivares at 6 per cent.

1902. Debt of allied powers, by virtue of protocols signed at Washington, totaling \$7,147,386.

The following data is taken from the annual report of the Secretary of the Treasury of Venezuela to the present Congress, dated April, 1915:

PUBLIC DEBT.

Internal debt:

I. National internal consol, 6 per cent—		
	Bolivares.	
First issue	23, 927. 47	
Second issue.....	16, 772. 12	
		Bolivares.
		40, 699. 59
II. 1 per cent bonds, eighth issue.....		38, 165. 62
III. National internal 3 per cent consol....	59, 068, 721. 47	
IV. National internal consol, no interest....	1, 135, 644. 83	
V. Treasury bonds to bearer.....	349, 102. 13	
		Bolivares.
		60, 632, 333. 64

External debt:

I. National 3 per cent diplomatic (by diplomatic conventions)	9, 723, 291. 61	
II. Provisional certificates (Spain)	1, 600. 00	
III. Diplomatic debt (3 per cent), conversion and issue of 1905.....	101, 267, 650. 00	
		110, 992, 541. 61

Or a total indebtedness of..... 171, 624, 375. 25

This is equivalent to \$33,000,000, which is a per capita of about \$11.

At the present time there are some public service companies which, although organized, have failed to carry out their plans, due to lack of capital. This is the time when American capital should take advantage of the great opportunity for industrial development in the Latin American countries.

The needs of merchants and manufacturers can be remedied by a simple study of actual conditions of trade in Latin American countries.

The last 15 years have witnessed an unusual activity on the part of Americans to enter the South American fields of commerce and industry. The main question in the minds of those interested in such a campaign has been:

How can we control the South American markets, which have been for so long in the hands of European competitors? What would be the best plan to adopt in order to succeed there?

To reply to those questions in their minutest details would simply add volumes to the volumes already written in that respect, involving, naturally, diversity of opinion in favor or against any special plan of action. It may be stated at the outset that there are many who believe that a forceful action, regardless of study of local or general

conditions in South America, would simply result in ousting the Europeans from the position so long held by them, due to their understanding of the situation. To those seeking such immediate results nothing but a dismal failure will be their lot.

In reasoning from cause to effect let us take as a separate unit some of the causes of the present superiority of the European merchant in the South American markets.

Being natural neighbors in one hemisphere, it is reasonable to think that the bulk of South American commerce should be found between the United States and South America. It is not so, however, for in the long study of the South American markets, to which Europeans have dedicated time and efforts, they seem to have found the formula they were looking for. They went to South America well prepared, knowing the language of the country, its customs, etc., even intermarrying with the natives in many cases. Their thorough knowledge of the people and their needs created, as it were, a new field in Europe for such needs. From personal experience in my connection with a European firm for 20 years in Venezuela I may state that in the dry-goods business, for instance, the American merchant is outclassed. The European manufacturer will sell certain kinds of goods in, say, 10 or 15 color designs, just as the customer wants them, for a given number of yards. The goods when ready will be packed just as the buyer wants. It may need in many cases a special packing to withstand mule-back transportation throughout interior towns, where means of communication are far from being perfect or comfortable. In many cases competition among Europeans themselves is so keen that merchants will forward samples of goods to their respective countries with details as to prices, conditions, probable sales, etc., with the result that in a few months a new article appears in the market which will compete successfully. These simple illustrations give an idea of how the European strives and struggles to conquer those fields of commerce and industry, using all the means at his command to achieve his ambition.

How different the United States merchant is! His great country and its wonderful resources have developed so marvelously in the last few generations that he has been obliged to devote special attention to the domestic demand in all branches of business and less time than he should to exports. The development of the domestic business has reached such a high mark that the American business man has become almost the most independent mortal in existence, and to such an extent that the buyer either has to submit to his terms or go elsewhere for the goods he wants. In the dry goods example cited above, for instance, the American manufacturer will provide four or five different color designs instead of 10 or 15, which will mean

for the purchaser that he shall have to buy more goods than he wants of a certain kind, while, on the other hand, that will give him a smaller stock for his customer to select from. Besides this, the American merchant will be reluctant to pack the goods as wanted and very often will oblige the buyer to repack at port of arrival so that goods may be delivered in the interior towns. Consequently, so far as that line is concerned, the European will outwit the American. In other words, the latter will try to force the sale of his goods on the customer. In great many instances this will be done by inexperienced salesmen who do not know even the language spoken in the territory they are covering, being compelled to avail themselves of interpreters to carry out their work. The disadvantage of the American salesman is thus far clearly shown, and such a handicap is aggravated by the important hinging fact that the European will grant to the South American buyer from 4 to 10 months' leeway to make his credit good, while, on the other hand, the American merchant will sell his goods on a cash basis, whether f. o. b., f. a. s., or c. i. f., generally through a commission merchant in the United States. The commission merchant has to conform to domestic requirements in the handling of exports and as a general rule settlements are in order in 10 or 30 days. As a consequence the carrying capacity of the commission merchant is generally strained unless he is backed by powerful financial support or is heavily interested in the agricultural development of those countries and makes loans for the raising of crops and receives good consignments of South American staples. The day of the commission merchant is coming to a close, and his disappearance as a great factor in exports is not very far off. This is due to the fact that a good capital is needed to carry the business on the cash basis in the United States, and also to the advantage to be found in direct dealings with South American merchants.

Another source where we may find a powerful reacting agent against South American development by American capital lies in the attitude of some units of the American press toward South American interests. In this connection, I may say, that there are certain newspapers which for some unknown reason seem to be animated by an unfriendly spirit and are prone to publish with regard to South America anything that may be set in type, whether opprobrious or inaccurate, false or unjust to those countries. Such newspapers will not take the trouble to investigate the truth through the means at their command. Their utter indifference to anything revealing progress, industrial development, or other worthy activity, and their apparent pleasure to vilify those countries with sensational news of a militant character, has ruined on many occasions splendid prospects of industrial development in South America by American capital.

Many ask: "How can we get at those markets on a permanent basis?"

There are some who think that it can be done in the get-rich-quick spirit, but they are sadly mistaken. It is surprising to see the great many who since the European war commenced have applied to South American consulates for information regarding those countries. In the majority of instances the inquiries have been confined to the asking of data concerning import duties on articles of their particular line and their probable or average amount of imports and sale prices of such commodities in South America having a European origin. Some also have the idea that consular officers act here altogether as purchasers for their countries. Some visitors generally leave their cards, with the request that "if inquiries for such products are made, kindly refer them to us."

In order to illustrate business conditions in Venezuela and to give an idea of the hold that Europeans have on Venezuelan commerce, I will quote a few figures taken from Venezuelan Statistics of 1912, edition of 1914, and relating to the volume of trade between Venezuela and other countries.

For the sake of brevity I will omit countries having a trade of less than 10,000,000 bolívares.*

Imports, 1912, 106,000,000 bolívares; exports, 1912, 133,000,000 bolívares. Total volume of trade, 239,000,000 bolívares distributed, with exceptions noted above, among the following countries:

	Bolívares.
United States.....	75, 600, 000
France.....	53, 200, 000
Germany.....	39, 000, 000
England.....	37, 800, 000
Spain.....	12, 400, 000
Holland.....	12, 300, 000

Although the United States leads with 75,000,000 bolívares, the European countries have a trade which is more than twice as large, being, in fact, 164,000,000 bolívares, with the added circumstance that the figures for the United States include their exportation of gold to Venezuela. In other words, the United States are only getting about 32 per cent of the Venezuelan trade.

In the previous lines I have endeavored to give a synopsis of the causes of European success and, on the other hand, the effect of bad management of trade by Americans; and, further, I have shown that in the face of those handicaps the United States has in Venezuela individually more business than any one particular country in Europe, but less than half that of combined Europe.

With such a splendid geographical position as Venezuela enjoys in South America it is really strange that the trade of the United

States and my country is not double what it is to-day. To increase that trade and to let it reach its normal development should be the aim of all Americans and Venezuelans. But the former will have to take notice and follow the steps of the Europeans. They will have to make a thorough study of South American markets. Such a study must be made by all means by men capable and duly seasoned for the task. Americans must make up their minds that the South American must be treated fairly. They must be ready to comply with local demands in certain lines of business; they must not try to impose conditions in a field where the buyer will find many competitors. If these conditions obtain throughout their dealings, and if, above all, the American merchant sees his way clear to give some credit to the South American merchant, as the European does, there is no question but what he will probably increase his business to a considerable extent.

The question of credit is a very important factor to be considered in this matter. As our merchants need funds to facilitate the moving of crops of coffee, cocoa, rubber, etc., in order to ship these products to foreign markets where they are handled and consumed, the importance of credit is most vital. Credit, however, can not be established if the American merchant does not know well the person with whom he is to negotiate or the conditions of the country where his money goes. Sometimes a severe drought makes it impossible for some merchants of the interior to ship their products, which are to be transported sometimes by river boats to the seaboard, while at other times, in the case of mule-back transportation, heavy rains make such muddy roads that it is an impossibility to have the goods taken to the port of shipment.

Those inconveniences are unknown to the American merchant whose country is blessed with railroads, canals and rivers, and lake steamers. Therefore I must emphasize that the only way to be successful in getting the South American trade lies in the practice and the learning through object lessons of what can not be learned by lectures or travelogues. The Government of the United States has given a very fine example of its good will toward this end, as shown by the results of the trip made through some of the South American countries by the special agent of the Department of Commerce, Mr. W. A. Graham Clark. He brought samples of manufactured articles used in those countries in order to show the American manufacturers how they have to conform to the wants and other requirements of those markets.

Now it is up to the merchant and manufacturer of the United States to go and see for themselves everything related to their business, the conditions of the country, their people and tradesmen, in order to arrange their methods accordingly, tending toward the

establishment of sound and profitable connections. The personnel of this investigating corps should not be guided by a mercenary spirit, and all of their members should be business-trained gentlemen of sound judgment and pleasing personality. In my estimation enough opinions and theories have been expounded and now it remains only to go ahead and do it properly.

The business associations of the United States are wealthy enough to be able to spend a few thousand dollars in a practical study, and secure the results similar to those already appearing in the report submitted by the competent agent sent by the Department of Commerce of the United States.

The extensive coast line and splendid ports of Venezuela have always been a great asset in Venezuela's commerce.

Transportation facilities with the United States are available with the present operation of the following steamship lines: Red D Line (American), Royal Dutch & West India Mail Co., Trinidad Line, Scandella Line. There is also an irregular service of chartered steamers and sailing vessels employed by various American industrial enterprises in Venezuela for the outlet of their products, such as asphalt, magnesite, etc. German and British lines also take thousands of tourists to Venezuela during the cruising winter months.

Although commerce with Venezuela has increased considerably, especially since January of the current year, and notwithstanding the well-known fact that the European war has placed a serious damper on shipping in general, I may state that it is due to the existence of an American line of steamships—which in normal times takes about 80 per cent of the freight to Venezuela—that we have not suffered so many inconveniences in this particular as other countries have.

While Venezuela has, on the average, about nine different mail departures from New York every month, which include the parcel-post service, no money-order service exists with the United States.

Permit me to state, in conclusion, that my task in lending my modest effort to this important conference would be incomplete without a few paragraphs taken from the annual report of the minister of finance, Dr. Román Cárdenas, submitted to the Venezuelan Congress in April last, and which may fittingly apply in a general way to the various matters to be discussed by this conference. They will be found in the following appendix, together with an article published by an American traveler (Mr. L. Elwyn Elliot) in an American magazine of last month, in which he depicts in an unbiased manner the true conditions of Venezuela at the present time. Some figures are also given regarding Venezuelan trade and exports from New York to Venezuelan ports.

PEDRO RAFAEL RINCONES.

APPENDIX.

I. *Historical.*

The family of George Washington appointed General Lafayette to deliver to the liberator, Simón Bolívar, a medallion having a portrait of Washington, also containing a lock of hair of the modern Cincinnatus, and ornamented with the following inscription:

Auctoris libertatis Americanæ in Septentrione hanc imaginem dat filius ejus (Pater Patriæ) adoptatus illi qui gloriam similem in Austro adeptus est.

Or,

This picture of the Author of Liberty in North America is presented by the Adopted Son (of the Father of his country) to Him who reached similar glory in South America.

General Lafayette wrote to the liberator the following letter:

MR. PRESIDENT LIBERATOR: My religious and filial affection to the memory of Gen. Washington could not have been better appreciated by his family. I have been charged to-day with a very honorable task. In recognizing the exact likeness of the picture I feel happy to think that my paternal friend, in choosing among living men and even among those belonging to history, would have preferred to present it to Gen. Bolívar. What more could I say to the great citizen who has been hailed by South America as her liberator and confirmed as such by the world, whose influence, being at par with his unselfishness, carries in his heart the love for liberty without reserve and that of his country in all its purity? However, the public testimonials of your benevolence and esteem enable me to extend to you my personal congratulations as a veteran of the common cause who is about to leave for another continent and who will follow with his wishes the glorious crowning of your task *and that solemn assembly at Panama*, where all the principles and all the interests of the independence of America shall be completed and consolidated.

Please accept, Mr. President Liberator, the homage of my respectful admiration.

LAFAYETTE.

Bolívar's reply to General Lafayette was as follows:

GENERAL: I have had the honor to see for the first time the priceless autograph of that beneficent hand of the New World. I owe this honor to Col. Mercier, who delivered to me your esteemed letter. I have been apprised with inexplicable rejoicing that you have honored me with a most valuable treasury from Mount Vernon: Washington's portrait, some of his venerable remains, and one of the monuments of his glory presented to me through your medium, on behalf of the brothers of the great citizen, the first born of the New World.

There are no words with which to express all the worth that this present and its glorious considerations have in my heart. Washington's family is honoring

me beyond my most imaginary expectations, because Washington, presented by Lafayette, is the crowning of all human recompenses. He was the noble protector of social reforms and you the heroic citizen; the athlete of liberty, who served America with one hand and the Old Continent with the other. Ah, what mortal could deserve the honors bestowed upon me by you and Mount Vernon!

My confusion is equal to the immensity of my gratitude which I offer to you, together with the respect and veneration that every man owes to the Nestor of Liberty.

With the greatest consideration, I am, your respectful admirer,

BOLÍVAR.

II.—*Financial.*

From the annual report of the minister of finance, Dr. Román Cárdenas, submitted in April last to the present Venezuelan Congress, the following paragraphs are quoted as bearing some relation to certain questions to be discussed by the Pan-American Financial Conference, viz:

The national budget of income and expenditures is the immediate prognosis of a fiscal year, for it is prepared shortly before it is enforced. For its basic foundation it has the data of the previous budget and the current information accumulated daily by the division of the treasury. When the project is concluded the fiscal year is not yet ended, and it is only three months later when the division of accounts may present the final statement of the treasury and the balances to be paid or collected for the next budget.

When this provision, notwithstanding its continuity, is absolutely impossible to carry out, due to certain events, the remoteness of which could not enter into the calculations of the administration, the Government is obliged to solve the problem of a sudden increase of expenditures or a rapid and excessive decrease in revenues.

Such has been the case we have seen in the practice with the budget covering the fiscal year of 1914-15. The budget established the probable revenues according to the previous year of 1913-14, which showed a diminution in revenues. The latter, however, were sufficient in the normal course of events to cover the expenditures specified in the budget. The fiscal process of the new budget had begun to take its course when the European war broke out.

As it is well known, 75 per cent of the national revenues are constituted by customs receipts, and the latter, due to the sudden paralysis of our commerce with the European centers, was to suffer a considerable decrease, which would have completely destroyed the budget system, thus exposing the normal course of the administration to discomposure and misgivings. It was therefore very urgent to adopt measures to counteract this imminent disturbance of the treasury while a study was being made of the incoming revenues, thus allowing a detailed estimate to be made of the various elements involved in such a grave question.

This was the spirit which animated the decree enacted on August 27, 1914, ordering a reduction of the personnel in the Government offices and a decrease by 25 per cent of Government salaries and other appropriations. But the rapid decrease of the customs revenues in the months of September and October following, and the seriousness of the war—the duration of which could not be

foreseen—demonstrated that the question had to be solved according to the needs of the moment and also bearing in mind the safeguard of the future. Therefore a formal revision of the budget was undertaken which included each and every one of its items.

Three remedies were at hand before the Government, in facing such a crisis, which could maintain the normal course of the administration, so as not to impair the obligations of Venezuela's public credit: Immediate reduction of expenditures, increase of duties and taxes, and a loan issue.

In our economic system all taxes are paid by the people. Customs duties, which in other countries is paid by the foreigner, who is obliged to struggle with national competition, is being paid here by the consumer with the addition of high transportation charges. He pays for it with staple products which must compete in foreign markets with an abundance of similar products of other countries.

Therefore, to increase the customs duties, the only one to choose from—for the increase of internal revenues would have been insignificant—meant to triple the cost of commodities, already high enough on account of the scant production, due to the war, and would have caused the ruin of our trade, placing poverty at the door of all social classes.

The issue of a foreign loan—as an internal loan would have taken some years to cover it—was not only impossible to undertake, as it would have been an exception in our favor by countries needing funds for themselves, but it also would have been essentially objectionable, for it would have increased the obligations of the State, which have already weighed for so long upon the nation, thus retarding its progress and creating serious duties for those who are intrusted with the safeguard of national existence.

The only action remaining, involving less consequential hardship, was the elimination of commissions and public charges and the reduction of personnel and salaries.

It was a sacrifice for those more intimately in touch and conversant with the responsibility of the administration, who have common moral interests with the Government they serve and support in the service of public welfare.

In accordance with the foregoing the budget of November 7, 1914, was decreed and immediately enforced. This measure has yielded the results to be obtained with any plan directed toward the well-being of the people, for Venezuela will be able not only to maintain its economical stability while the European war lasts but in the midst of the present international complications has been able to maintain also its credit, thus deserving the commendation of being an exception in the general crisis due to the punctuality with which it has met and shall continue to meet its obligations.

* * * * *

Notwithstanding very many moral and pecuniary obstacles, the credit of Venezuela has reached such a high standard—due to the punctuality with which it has fulfilled its obligations with regard to the internal and external debt—that its obligations do not need to be indorsed but with the faith of its word. Consequently the Government of the Republic must persevere in its purpose of eliminating all acts calling for a pledge or guaranty.

III.—*General.*

Taken from the Pan American Magazine, April, 1915 (article by L. Elwyn Elliot). Review of various South American countries.

VENEZUELA.

For the last four years Venezuela has been in the agreeable position of possessing a substantial surplus of national revenue over expenditure, and as a part of this ready cash has been preserved in the country's exchequer no doubt it will assist in tiding over such financial disintegration as resulted from the European war outbreak.

Since the year 1910 this surplus has varied, but there has always been an addition to the national fund; in 1912 it amounted to nearly \$2,500,000 gold.

During the same period of prosperity the import and export lists also soared into unprecedented figures, indicative of a time of expansion of industries. In the year 1913 the total foreign trade amounted to nearly \$50,000,000 in value, divided between exports worth about \$30,000,000 and imports costing \$20,000,000; here again Venezuela is in the fortunate position for having consistently outbalanced her purchases by her sales.

These sales are all agricultural, and the two main export items are cocoa and coffee. Last year, however, the coffee crop was both scant in quantity and less fine in quality, so that a drop in value is to be expected in this important item. Cocoa may do well in realizing prices if Venezuela has been able to get her product to market in time to take advantage of European demand arising after August for army use.

A feature of the last few years' development has been the growing importance of Ciudad Bolivar, placed upon the banks of the Orinoco River in such a position that it taps some of the deep forestal regions which could have no other outlet. With improved steamer connections this riverine port has been able recently to greatly increase its output of raw rubber, or rather balatá, chicle chewing gum, aigrettes and heron plumes, and tonka beans.

All of the feather exports have gone to Europe, since their sale has been prohibited in the United States, but the amount has not been lessened; the trade has, however, been rendered a little nervous in the past months by the projected passage of the plumage bill by the British Parliament, which would have the effect of excluding many of these feathers from the English market.

The chief trade of Venezuela has been for some years with the United States, the northern Republic taking about \$10,000,000 worth and selling to Venezuela about \$6,000,000 worth of goods in the last year, for which complete figures are not available, 1913.

Commerce with Great Britain amounts to about \$5,500,000, three-fourths of this sum being sales of British goods to Venezuela.

Railroad extension will probably be somewhat delayed by European affairs, and the completion of the Venezuelan Central Line may be among the sufferers. There are three other British lines in the Republic, with a total length of about 170 miles, representing a capital of about \$14,000,000.

Notable developments of the year 1914 were made in the Maracaibo Lake region, where at least three new sugar estates were operating with vigor and expecting to commence production during the present year. There was great activity in the importation of machinery in this fertile section of the country, where resources have been for a long time more or less concealed behind the narrow and inhospitable entrance to the so-called lake.

On the same shores, on the northwest, a coal and oil company has also been exploring and operating, with excellent prospects. The writer is exceedingly sanguine about the future of this remarkable area.

The fortunes of Puerto Cabello do not appear to have improved during the year. The port of La Guaira remains as ever the chief channel of commerce to the interior, dominated by the charming capital, Caracas, and there has been noticeable growth in the suburban water place, Macuto.

In internal affairs Venezuela was in a state somewhat resembling suspense during, at any rate, the first six months. There were one or two abortive attempts at revolution, and the firm hand of Gen. Gómez, who resigned the Presidency early in the year in order to be eligible as a candidate for reelection, had to be exerted to prevent the contagion from spreading.

The feeling of uncertainty tended to retard enterprise to a certain extent, and, in common with her neighbors, Venezuela will probably husband her resources during the present year. She has punctually met her monetary obligations abroad; in addition to payments of the public interest, she has reduced the outstanding amount through the operation of a sinking fund. There has been some complaint from foreign creditors on the failure up to the end of the year to settle the arrears of the Puerto Cabello & Valencia Railway; but this is a matter which may have received due attention by the time of publication, and there is no doubt of the ability of the Republic to meet the obligation.

Mining in Venezuela displayed some promising aspects during the year. The Yuruari district was again to the fore with important new discoveries of gold, and if full advantage is not taken of the mines located the reason will probably lie with lack of transportation to the coast, either by road or rail.

In the State of Miranda there is every hope for rapid development of copper mining, and, although the iron mines of Imataca were reported closed down at the end of the year, later information seems to predict the reopening of these works when brighter times come.

IV.—*Statistical.*

General trade of Venezuela during the fiscal year 1913-14.

	Bolivars.
United States.....	76,528,734.81
France.....	49,437,207.97
Germany.....	34,040,207.53
Great Britain.....	31,726,634.54
Netherlands.....	13,249,277.01
Spain.....	9,530,641.94
Italy.....	3,736,746.35
Colombia.....	2,460,425.84
Austria-Hungary.....	2,266,375.50
Belgium.....	1,421,293.30
Cuba.....	73,146.60
Panama.....	20,903.00
Denmark.....	8,800.00
Ecuador.....	2,850.00
Total trade.....	224,503,244.39

Exports from the port of New York to Venezuela.

Years:	Bolivars.
1909-----	16, 122, 223
1910-----	20, 083, 974
1911-----	21, 349, 111
1912-----	33, 033, 407
1913-----	33, 326, 562
1914-----	30, 388, 486

The decrease of exports in 1914 as compared with the previous year was due to the apparent collapse of business during the months of August, September, and October following the outbreak of the European war.

Business, however, has rapidly increased in volume, especially since January of the current year, and at this writing such an increase, which is estimated at from 20 to 25 per cent over that of last year, is plainly demonstrated by the fact that steamship companies doing business with Venezuela are at the present time taxed to their overload capacity in taking care of the American freight to Venezuelan ports.

PEDRO RAFAEL RINCONES.

MEMORANDUM SUBMITTED BY JOHN CLAUSEN,
MANAGER FOREIGN DEPARTMENT, CROCKER
NATIONAL BANK OF SAN FRANCISCO, AND
SPECIAL REPRESENTATIVE OF THE
SAN FRANCISCO CHAMBER
OF COMMERCE

MEMORANDUM SUBMITTED BY JOHN CLAUSEN, MANAGER FOREIGN DEPARTMENT, THE CROCKER NATIONAL BANK OF SAN FRANCISCO.

In the interest of merchants and bankers of California I take the liberty of submitting for your kind consideration the following matters pertaining to trade relations with Central and South America, with such comments as seem pertinent thereto:

STATEMENT AS TO THE OUTLOOK FOR THE YEAR 1915 FROM A FOREIGN TRADE STANDPOINT AND WHAT EFFECT THE OPENING OF THE PANAMA CANAL AND THE EUROPEAN WAR HAVE HAD UPON THE SEA-BORNE COMMERCE OF THE PORT OF SAN FRANCISCO.

EFFECT OF THE PANAMA CANAL.

Taking the first four months of 1915, as compared with the same period of 1914, the canal has in a general way been of great value to the port of San Francisco, and detrimental in some. The value of shipments from San Francisco to the Atlantic coast for the period stated is as follows:

Via Tehuantepec & Panama Railroad 1914-----	\$4, 350, 711
Via Panama Canal 1915-----	7, 914, 535
Increase of -----	3, 563, 824

or nearly double as a consequence of the opening of the Canal.

This does not necessarily mean that the additional amount of tonnage moved, but it does represent a large increase and a very material saving in freight rates.

The shipments by sea from San Francisco to Europe during the first four months of 1914 and 1915 increased \$8,684,972, or 472 per cent, which would not have been possible had the canal not been in operation. On the other hand the shipments to Asia show a considerable decrease, caused by cotton being shipped direct from Gulf ports and shipments being made from the Atlantic which heretofore were transported to the Pacific coast and reshipped from San Francisco.

The canal, by enabling the Atlantic coast to reach the west coast of South America without transfer, has also taken away considerable tonnage heretofore shipped from San Francisco.

EFFECT OF THE EUROPEAN WAR.

The European war has, like the Panama Canal, benefited and injured this port. It has, as shown above, largely increased the commerce from this port in some lines, whereas in others materially reducing them. It has created a shortage of vessels and increased charter prices and rates so that the available ship tonnage from the Pacific coast is entirely inadequate to handle the commerce which could be secured. After the war is over all indications point to a large influx of immigrants from Europe and an unprecedented export to Europe and, naturally, ships will be more easily procured.

EXPORTS FROM SAN FRANCISCO.

For the first four months of 1915 and 1914 the exports of San Francisco were as follows:

Total exports first four months of 1914-----	\$18, 296, 803
Total exports first four months of 1915-----	28, 224, 121

Increase of -----	9, 927, 318
or over \$107,955 increase per day.	

This was divided as follows:

To Europe:

First four months of 1914-----	1, 839, 398
First four months of 1915-----	10, 524, 370
Increase-----	8, 684, 972

To Central America:

First four months of 1914-----	851, 429
First four months of 1915-----	1, 207, 344
Increase-----	355, 915

To South America:

First four months of 1914-----	1, 253, 252
First four months of 1915-----	549, 373
Decrease -----	703, 879

To Australia and New Zealand:

First four months of 1914-----	1, 708, 853
First four months of 1915-----	3, 725, 141
Increase-----	2, 016, 288

To Asia:

First four months of 1914-----	8, 423, 939
First four months of 1915-----	7, 542, 058
Decrease -----	881, 881

To Philippines:

First four months of 1914-----	2, 012, 154
First four months of 1915-----	2, 956, 052
Increase-----	943, 898

From the foregoing it will be seen that our trade with Central America increased, principally because of the fact that the United States bought large quantities of their products and they therefore obtained American credit against which purchases were effected in this country.

South America, on the other hand, shows a decrease both because of financial conditions and because of the lack of steamship service.

Australia and New Zealand show increase and, with better steamship service, would show a still further gain.

Asia shows a decrease caused almost entirely from the fact that the exports of cotton to Japan were very much less this year and because a large proportion of that which was shipped went direct from Gulf ports.

The Philippines show a large increase and this would have been still larger had there been better steamship facilities.

Taking the above facts and figures as a basis it would appear that the year 1915, from a foreign trade standpoint, should be unprecedented in the history of this State.

STEAMSHIP SERVICE.

It is reported that owing to the "seaman's bill" the Pacific Mail Steamship Co. will have to discontinue its oriental service, leaving absolutely no steamship connection between San Francisco and the Orient except the Japanese Line—the Toyo Kisen Kaisha, which line will naturally increase its rates, thereby depriving California of an opportunity to participate in the commerce with the Orient.

Owing to the heavy fixed charges of the Pacific Mail Steamship Co., when their oriental service is discontinued it will be impossible for them to continue their Central American line, in view of the fact that present laws prohibit their operating through the canal. It therefore leaves California destitute of service to Central America, the east coast of South America, and European ports, with the exception of Great Britain.

UNIFORM CONSULAR INVOICES.

At the present time each Latin American country has a separate and distinct consular invoice. If a uniform consular invoice could be adopted which would embody the requirements of each Republic, but which could be utilized for all, it would be of material assistance to our exporters, and if the Central and South American delegates would consent to the adoption of such a form, the San Francisco Chamber of Commerce would gladly prepare the proposed blank for their joint approval to be ratified by their respective Governments.

LATIN AMERICAN IMPORT DUTIES.

Another subject which the San Francisco Chamber of Commerce desires taken up for reconsideration is that of import duties, in the hope of securing a lower rate than that now in effect.

Efforts to introduce our products into Latin American countries have continued for many years, but we find no material development, owing to the high cost to the ultimate consumer. This high cost arises largely from the excessive import duties and customhouse charges. In Argentina these charges approximate three times the f. o. b. value of the goods, and more than twice the c. i. f. value, so far as most of the canned foods varieties are concerned. Conditions in Brazil are even more onerous. Canned tomatoes of the standard 2½ lbs.-size which retail in this country for 8 to 10 cents per tin retail for approximately \$1 United States gold in Rio de Janeiro. Canned asparagus retails in this country at 20 to 25 cents per tin, and retails in Rio de Janeiro at \$1.33 United States gold. These figures may be verified by the very extensive investigations which have been conducted by the Department of Commerce and by the figures published in the department's report. The Department of State has made every effort to secure more friendly action in these countries through diplomatic correspondence, but we are forced to the conclusion that nothing can be accomplished along these lines.

While it is true that these Republics are importing more canned foods from European countries than from the United States, the fact remains that the total imports are very small as compared with the population. At the present time the revenues derived are not so large as they would be if more favorable tariffs were assessed. The total importation would increase to such an extent as to augment their revenues, even with the lower tariff that would be adequate for any theory of protection for home industries, actual or prospective. Our correspondents in the Latin American countries advise that there is considerable complaint on account of the high cost of living, and we would respectfully submit that if they would reduce their tariffs to a reasonable level these Governments would not only increase their revenues, but would give the masses of the people a cheap, attractive, convenient, nutritious and wholesome article of food, tending to reduce their present high cost of living.

In view of the fact that we are admitting the important articles of export from these countries free of duties, it is hoped that some reciprocal action will be promoted on the part of the Latin American countries.

TRADE DEVELOPMENT WITH CENTRAL AND SOUTH AMERICA.

The most serious problems which at present confront us in promoting our trade with Latin America are:

First. The absence of adequate banking and shipping facilities, organized to advance American interests.

Second. The absence of adaption on the part of our manufacturers and merchants, and last, but not least, the lack of trained commercial men to do the necessary missionary work. The universal clamor of our merchants for banking facilities in foreign countries, more particularly in Central and South America, is well founded, and banks throughout the country should take early heed to establish suitable connections in order to adequately care for the requirements of their clients.

If we wish to conquer foreign markets, we must necessarily meet their needs, and it can not be too strongly emphasized that unless our commercial houses approach intended customers in terms with which they are familiar time and energy will be wasted and result only in misdirected and fruitless efforts.

The best man in a business concern is the only right one to influence trade opportunities, such as have been suddenly offered to us by the misfortune of the great industrial nations of the world, and if our business leaders wish reciprocal trade, they must not send representatives with only slight knowledge of ethics in business, but rather men of the broadest experience, able to cope with the problems presented. Success in any one line or for any one man means prosperity for several others, and it is therefore not so essential that every merchant or manufacturer here should engage in the foreign trade, as long as those who do not are willing to afford their moral support in a move that ultimately will redound to the benefit of all.

In this country the economic effects of the European war have probably reached their most serious aspects, and business is again settling down into almost normal lines. We are just beginning to recognize the possibilities offered for expansion of trade with foreign countries, and while the Panama Canal has opened for us a great new trade route—which we are prone to believe will ultimately place our country in a position to command the greater share of the Latin-American trade—we must not be illusionized, as unless we are able to adequately finance our contemplated negotiations a good part of the capital invested for the construction of the great canal will be wasted and our competing neighbors in Europe will reap the benefits of our undertaking.

It is a recognized fact that the American merchant has been at a disadvantage in regard to shipping facilities, and this has proven a great handicap in building and picking up the trade which is now being neglected by Europe. To afford means of adequate transportation we need ships—an American merchant marine—upon which profitable and useful commerce so much depends.

The dislocation of financial and shipping facilities—with the consequent falling off in the European demand for the most valuable exports from the Latin-American countries—has resulted in an

almost complete cessation of shipments to markets that formerly absorbed the major part of their production, which loss and restriction of outlets has tended to seriously curtail their purchasing power as well.

At present it may be said that there is a ready market in South America for practically all classes of goods, especially manufactured articles, and the commercial intelligence of merchants and manufacturers in the United States should be alive to the opportunities as compared with European nations, who, owing to the uncertainties of the war and its duration, are temporarily inactive in trade which does not administer directly to war.

These are conditions which are not likely to alter in a very material measure, unless our financial machinery is prepared to extend its operations by investing freely in their industrial enterprises as well as in their Government loans.

Success lies in concentration—nothing can be accomplished in haste—which is particularly true in dealing with countries beyond our own borders, and while we hear frequent complaints of the serious obstruction to trade caused by the existing moratoria and other governmental measures, resulting in the restriction of credits and consequent curtailment of working capital, there is no real reason why, even at the present time, the same financial credit arrangements which Europe heretofore has afforded our sister Republics can not be established with equal satisfaction in their dealings with merchants here. In our business relations with South America and until only a few months ago we were obliged to consider the pound sterling, French franc, or German mark as the basis of our operations, and the United States dollar as an exchange medium has virtually been an unknown quantity to the merchant and our financial contemporaries in the Southern Hemisphere.

When we now consider that the gold par value of the three principal exchanges is quoted respectively as \$4.86,656 for pound sterling, 5.18,26 for franc, 0.95,2852 for reichmark, and that during the last few months our merchants have been called upon to effect liquidation at \$5 to \$6 for the pound sterling, 20 cents (5.00) for the French franc, and 24.50 (0.98) for the German mark, with a problem before us of an equally unjustified decline in these exchanges, when banks at present are selling the pound sterling at \$4.78½, francs at 5.40, and reichmarks at 82½, it would prove of singular concern to the commercial interests and not a difficult matter to convince our southern neighbors that the time is opportune for making the United States dollar the basis of future transactions, and it should be the earnest endeavor of every merchant and bank in our country to give the American dollar the place it deserves in our international trade.

MEMORANDUM SUBMITTED BY THE URUGUAYAN DELEGATION
AS A SUPPLEMENT TO ITS GROUP CONFERENCE REPORT.*

MARITIME TRANSPORTATION.

Resolved, That the Conference declare the advisability of assisting the merchant marine of all American countries plying between ports of the hemisphere, giving the same franchises in order to place it on equal footing with the coasting-trade shipping.

(1) The registering of ships shall not imply heavy expenses and the boats may be acquired anywhere in the world at the best market price.

(2) No conditions shall be imposed on the crews, materials, and technical administration of the ships which will raise the price of keeping and running the vessels, paying due regard, however, to the sanitary requirements and safety of crews and passengers.

(3) Vessels flying American flags between the principal ports of North and South America to pay no lighthouse fees. Port duties to be reduced, if possible. The Conference shall suggest to local Governments the advisability of granting those franchises in ports administered by them.

(4) Vessels plying between ports of both Americas shall enjoy up to 1925 the freedom of registry and a reduction in consular fees for a term of five years. They shall pay no duties or fees for the shipping and clearance documents during these periods of five years.

Non-American ships shall enjoy these franchises for the term of five years if registered under the flag of one of the American countries. These franchises to be lost by ships applying discriminating freight rates to the prejudice of other companies plying on the same routes. Foreign companies guilty of the above-mentioned discrimination to pay double the amount of fees and duties during five years.

The foregoing is based on practical experience. President Wilson has stated that maritime transportation will be in a precarious condition until sufficient ships ply between the ports of the American hemisphere. They should depart and arrive at fixed dates and offer every conceivable facility for transportation. New shipping enter-

* This supplement contains the suggestions of the Uruguayan delegation with reference to the resolutions which in their opinion should be considered by the Conference as a whole (see p. 266).

prises should be organized, which should not expect large profits at the beginning, but trust to the future for substantial returns, based on Government assistance and franchises accorded. Capital for shipping enterprises should be encouraged by every conceivable means.

The conclusions of investigations made in the United States are responsible for the advisability of reducing the cost of registering as much as possible and for having demonstrated the high cost of registering, equipment, and running of vessels under the present maritime regulations of the United States.

It is true that all countries trying to develop their merchant marine have also kept in mind the interests of their national navy yards, feeding thus an industry which in turn eliminates many others; but if in these matters conflicting interests be considered, those connected directly or indirectly with abundant and cheap transportation should prevail over any others.

The reduction or the abolition of port dues will be an inducement to capital venturing into the shipping business and will diminish the speculative nature of the enterprise. The influence of good and cheap transportation in the development of foreign trade is obvious. Great Britain gave the world the most striking example of what could be done in this direction. France only succeeded in the expansion of her international trade by means of large subsidies and other franchises to her merchant marines. Germany became a feared competitor to the latter countries in the conquest of the markets of the world when she had secured for herself the means of transporting her products in her own merchant vessels.

A line of steamers supplying specific traffic is a transportation route capable of creating commerce if it does not exist, or increasing it if it is already established; just as navigable rivers and natural ports have created large cities. As railways bring about the establishment of important cities along their routes, so a transportation route creates trade.

In order to bind more closely the commercial relations between the countries of America, in order to do something really practical for the purpose of increasing the commerce of this hemisphere it is necessary that the first measure adopted for such purpose be the fostering of navigation, for navigation is the basic factor in the economic, rapid, and easy interchange of products.

Among the various forms that there are, to give encouragement to merchant marine, is that of guaranteeing a minimum interest to the capital that may be invested in such enterprise or to give annual bounties or subsidies to the companies establishing navigation lines, for a period of time more or less extensive. If we have adopted a

system not as favorable, of merely reducing or saving the expenses of lighthouse and port dues and of consular invoices, it is because there is also a danger in bounties and guarantee of interest. This danger consists in the fact that the company guaranteed against the losses sustained by lack of freight does not make any effort to work as it should, since it is sure to make the same gains without any sacrifice. A simple assistance which may merely consist in the reduction of expenses places such a company in a position to make every effort to obtain profits, to get freight, and to carry cargo, which is the real and fundamental object.

WEIGHTS AND MEASURES.

Weights and measures in the American countries should be uniform. The metrical system should be adopted and until this has been done prices, invoices, and bills of lading should be compiled in metrical units.

In principle everybody has adopted as the most logical the metrical system for weights and measures; but habits and custom are responsible for the persistence of old measures in some countries. In Great Britain traders have been for some time past mentioning in meters the equivalent of yards contained on each piece of goods. The Germans reduce all their operations to the metrical system in those countries where this is used.

In the United States trade is still carried on by old methods. The pound, the gallon, the foot, as well are used. One gallon of wine and one gallon of oil are two different measures. In order to prevent confusion and mistakes that sometimes occur, the vendor should always give the prices in kilos, liters, or meters, even if the packing does not answer to those unities.

This proposition is in harmony with that of establishing monetary unity throughout the American hemisphere.

Hobatsck, the eminent economist, says that the internationalization of the metrical system is seriously opposed in Great Britain and the United States; but the English admit that this opposition harms their exports and favors that of other countries. This is the reason why the equivalents in foreign measures and weights is mentioned in British export documents. As in all matters which affect large interests, it is difficult to change radically and suddenly methods which have been for a long time in practice. It is therefore suggested that a transitory form be adopted which shall be the beginning of an evolution. Trade will continue its transactions with old measures if circumstances do not permit of the change; but there is no reason for not mentioning always the equivalents in metrical units in prices and bills of lading:

COMMUNICATION BY CABLE.

The Conference declares that the rates for cable messages between the American countries should be decreased.

This proposition is connected with that relative to the postage rates and has in view the same purpose.

The rates for cablegrams are high, chiefly between North and South America. This service should be cheapened because the use of the cables for commerce is essential in order to make inquiries relative to general transactions, prices, orders of shipment, etc.

Cable rates between New York and Montevideo are more expensive than those between Montevideo and London or Paris.

When the rates for cable messages exceeds certain limits they become prohibitive, and then the cables are used only in case of great necessity, but not in ordinary transactions.

It is true that by means of codes and ciphers merchants are able to reduce somewhat this handicap, and the cable companies rely on this fact in order to have the interested parties lessen a great deal of work for them by the use of synthetical and conventional forms. Notwithstanding this, high cable rates have a restrictive influence on free use, and, furthermore, not every merchant is familiar with the use of codes and ciphers. An inquiry relative to prices and specifications to half a dozen firms represents sometimes a heavy expense, which not infrequently the smallness of the transaction itself prevents. This is particularly true of small orders, which in the aggregate constitute the bulk of commercial intercourse.

The goal that trade wishes to attain is to gain time, for time is money. So that if there are two ways of communicating from one portion of America to another and if the former does it in twenty-four hours and the latter in twenty-four days (New York to Rio de la Plata), trade will always make use of the first; that is to say, the cable.

MONETARY UNIT; EXCHANGE AND ARBITRATION.

Resolved, That the Conference in regard to exchange and the arbitration among American countries of everything relating to prices of merchandise, and for statistical calculations, advises the adoption as a monetary unit of a special coinage equivalent to some exact proportionate value of the monetary unit of each and every American country.

The projects brought about in various times and in different countries for the establishment of an international coinage have encountered the difficulties of reconciling the interests of all the nations of the world. Only partial results have been obtained, for instance that of the Latin Union, that of the Scandinavian countries, and that of the Germanic States in 1838.

In 1902 a North American, Charles H. Swan, gave a lecture before the Statistical Society of Manchester on "An international gold coinage." He proposed to coin gold money of 10 grams with a fineness of 0.915 per thousand, and which would be worth 25 shillings, or 30 francs, or 30 crowns, or 6 dollars, or 12 rubles. As can be seen, the first thought of Swan was that of conciliating the new money with the existent types in several countries; and here his first obstacle was also the impossibility of a general solution on this basis.

But it has been proven that for a determined region the adoption of international money is practical.

That international money is necessary for America is shown by the fact that usually in operations of exchange the English unit is used. The exchanges of Uruguay with Brazil are regulated by pence. As a rule for the other American countries money of Brazil is considered by so many pence, determined daily in the exchange quotations against London for each 1,000 reis. In Chile, on account of there having been established an equivalency between the gold dollar and the English monetary unit (\$1=18 pence), it happens that Chilean exchange suffers by repercussion the effects of an unfavorable exchange toward England in the United States. As a matter of fact, it has been seen that when pounds are on the decline in North American markets the Chilean dollars are at a low ebb, the reason being that their official value is 18 pence. Peru, by observing that its exchange, as in other near-by countries, always tended to be regulated by English money, has established the Peruvian pound, worth the exact equivalent of the English pound, and rectified the value of the "soles" in order that a pound should have 10; therefore one "sol" is worth 2 shillings.

To this complication resulting from the diversity of money is added the paper-currency question, a thing of oscillating value, which sometimes contributes to give an arbitrary value to foreign money. Recently we have seen in the Province of Mendoza, Argentine Republic, that in English commercial enterprises pounds sterling were only received at a value of \$11 in paper currency, notwithstanding that their true equivalent was \$11.45; and even the simple treasury certificates of the Province—that circulate like money—were worth on an average \$11 paper currency for each pound sterling.

It is in truth a problem to regulate exchange between American countries somewhat distant and with little commercial intercourse, as, for instance, between Chile and Colombia, between Argentina and Venezuela, between Uruguay and Peru or Ecuador. It is generally necessary to make the transaction through London or Paris. The first difficulty is the money for these operations, the national

currency of each American country. Owing to the great commerce with Europe all American nations are familiar with pence or francs, and one or the other of these units tends to be the international American money.

The International Conference on Commercial Statistics, which took place in Brussels during the month of November, 1913, resolved to establish a uniform classification, to be adopted by all the signatory nations without forbidding that each could continue to maintain for its internal use the form of statistics it would deem most convenient. The uniform classification is used with the object of enabling one to secure and understand clearly the tables of foreign commerce of each and every country.

As a consequence of the convention signed there, it has been planned to fix values in francs, and weights and measures in the metric system; but no official statement has been made.

Why should not an American coin be adopted in America to supply all international requirements?

From the start we may say that the values of commercial units, made according to the classification of the Brussels congress, would be fixed in that international American money; the exchanges of the countries of America would refer to that money in dollars; the prices given or asked for merchandise would be calculated in that same money and in metrical weights and measures.

In all the American exchanges quotations would daily be made in the same money or with reference to it.

By what has been said it will be seen that we do not propose a formula which, on account of its being considered Utopian, has been rejected or postponed more than once—the giving up of our respective internal systems of money to be substituted by a new money, to be the same in all countries. This would be absurd, because each State has serious and complicated economic and financial problems which are closely bound to its monetary system.

We accept these arguments as they stand and we know they can not be substituted by theories or doctrinaire arguments. We merely wish that such money should have the privilege of being utilized in the international transactions of the American countries.

The opposition to the "universal money" theory is based on innumerable arguments; nevertheless the economic benefits that this international American money would bring are great and positive. Especially is this the case on the opening of a new era of commercial relations in this hemisphere, as hoped for by the eminent statesmen, originators of the First Conference of American Financiers, and also according to the optimistic expectations of all the countries of the New World.

Money may be considered the language of business. Since an international language can not be established, because it is the more difficult task, at least we could try to establish a money unit which would be common to the American countries.

We may add in favor of this proposition that the excessive prestige of certain European money often casts a shadow on the merit of American gold. Notwithstanding the fact that the intrinsic value of gold money is superior to its face value, there is an evident influence of the economic law of competition in the general preference that the South American banks have for pounds sterling, and in the second place for francs, and their little interest in the gold coins of Brazil, Argentina, Chile, etc. Although it might be considered as a psychological effect of suggestion, it is a proven fact; and world prestige in the operations of international exchange can be considered as a phenomenon logically derived from the use of that money. For neutralizing this the money adopted as American international currency will bring back prestige to the gold coinage of the American countries.

The manner of carrying it out would be intrusted to the Pan American Union, and taking into consideration what has already been decided on the subject by the international Pan American conferences the governing board of the American Republics might be urgently asked to take whatever measures that it may deem to be the most rapid and efficacious for the immediate adoption of the monetary unit of coinage.

FINANCES.

Resolved, That the Conference declares that the countries of the American Republics should facilitate the action of their representative banks in the discount of bills, the movement of capital, the fostering of trade, the financial support of public works, and the development of the wealth of the American continent.

In former congresses the idea of the creation of a large Pan American bank, the capital of which should be supplied by all countries of America, was discussed. Perhaps this artificial and isolated creation would have no reason to exist, or at least would not be a practical thing just now. More logical and easier would be the organization of international banking based on direct contact or by means of agencies or branches of the large institutions of credit having the privilege of issuing bills, which institutions already exist or should be established as soon as possible with the view to regulating credit, discounting commercial paper, and helping the circulation of domestic currency and foreign exchange.

The Bank of France, the Bank of England, the German Imperial Bank, all these are examples of such privileged institutions. They

regulate credit in times of peace and protect monetary integrity and national resources in the difficulties of commercial crises or war.

These banks that have existed for centuries (with exception of the German Imperial Bank, a relatively recent creation, although it originated in the Bank of Prussia, which was founded in 1785) really represent the nations whose names they bear, not only by their central power of credit and the concentration of operations they carry on, but also by their extension throughout the whole country, so that they absolutely dominate the banking movement and give it power and direction.

Up to the 23d of December, 1913, when the Federal Reserve Act was signed—the great reform of the Wilson Administration—the United States (with its thirty thousand banks and banking institutions and their \$17,000,000,000 in deposits, an enormous amount compared with the deposit of the European banks) was not prepared to make a substantial effort for commercial expansion abroad, for the country lacked that unity of action which is as necessary for success in the economic field as it is in military matters.

Fortunately the Federal Reserve Board under the direction of the Secretary of the Treasury, at present Mr. McAdoo, is making effective this aspiration of unity which extends throughout the whole country by means of its twelve Federal reserve banks, which in turn have their ramifications in other banks established in less important centers.

The discount and the rediscount of commercial paper (national and foreign) is a means of issuing bills which have a gold guaranty of a determined percentage. This constitutes the basis of the new system, which permits, with the greatest elasticity, the expansion of the foreign trade of America, a project which before the establishment of the new régime was almost impossible of attainment.

Uruguay is specially prepared to answer immediately to the new banking organization of the United States. Ten years ago there was established a large State bank, wherein politics has not played a rôle as it was thought would occur when established. This bank has continued to exist, and will continue to expand in a surprising manner, entirely independent of politics, although it is really a State institution similar to those of Sweden and Russia, its capital having been contributed solely by the Government and administered by directors appointed by the Executive power with the consent of the Senate.

There has been built up in Uruguay a tradition which regulates the administration of the bank, and which no official, whatever his prominence and power, could do away with. This consists in giving to its directors, who are men totally disconnected with political controversies, the most absolute power in the administration of the institution. The employees are selected among the most able men,

after having passed certain examinations, and the principal officials of the country, including the First Magistrate himself, take pride in not interfering with the independence of the bank, and they do their utmost to help increase its resources and credit.

This bank, which to-day exercises a vital influence in the economy of the country by stimulating industries and trade, has twenty-four branches and agencies distributed among the principal cities and towns of the interior, and consequently can claim from an international point of view the financial representation of the Republic. In the near future the bank will be in a position to extend its field of operations to North, Central, and South America, establishing there also agencies and branches, for its capital is rapidly increasing by means of accumulated profits.

It is obvious that, as the aims and resources of the system implanted by the Federal Reserve Board of the United States are entirely different, there would be immediate and positive advantage in the establishment of agencies and branches in the other countries of America to give available information to commerce and industry and to be efficient factors in trade interchange.

European commerce has attained its well-known success in Latin America chiefly through the assistance of English, German, French, Italian, and Spanish banks profusely disseminated throughout those countries.

Thus, banks starting in business with small capital have the enormous advantage of being able to use for their own benefit the money which is deposited in their vaults by their countrymen and profit by the rates of exchange which are immediately offered them with reference to the countries that they represent. Not only do these banks do business in the capitals of the Latin American countries, paying good dividends to their shareholders, but they also establish branches in the Provinces and districts where they do good business.

If the United States wishes, it it seems that it does, while exercising its rights and just aspirations, to compete with European commerce in the South American markets, it must send as fore-runners banking institutions having the excellent internal organization of the Federal Reserve system.

COMMERCIAL CREDIT.

Resolved, That the Conference declares that there is positive advantage in expanding commercial credit throughout the American countries, establishing long-term credits in commercial transactions.

One of the great handicaps for the expansion of trade in both Americas has been the system of restricted credits under which trade

has been carried on. In marked contrast with the liberal credits accorded by most European firms the American concerns have maintained a very reserved attitude toward Latin American merchants, which these have resented, naturally construing it as questioning their reputation. "Goods against cash" has been their policy. This policy may be explained to a certain extent by the lack of knowledge of conditions and customs of the Latin American markets and by the need of banking houses in Latin America. With regard to commerce, Great Britain has predominated for many years, her banks having been a paramount factor in the expansion of trade by means of liberal credits accorded to responsible parties and their financiers having contributed very largely through the employment of capital to develop the national commerce of the Latin American countries. Many industrial enterprises, railways, etc., have been established with British capital in South America.

It has been very accurately stated that credit is the oxygen of commercial life.

The obstacles to the establishment of branches in South America of American banks have been overcome by the new banking law. The National City Bank of New York has already a branch in Buenos Aires and another in Rio de Janeiro. These American banking enterprises are now in a position to follow in the steps of their European competitors. The London & River Plate Bank in Montevideo has a capital of \$1,500,000. The branches in Salto and Paysandu (interior towns of Uruguay) are doing a very good business. The capital of the four English banks in Montevideo is, in the aggregate, \$2,200,000, and their loans in the country amount to \$12,000,000. If American trade is going to be developed, it is essential that American banking institutions lend the necessary assistance not only by the establishment of credit but also through their information service, which should and could give comprehensive data with regard to the standing and responsibility of business firms.

And now the Delegation of Uruguay wishes to state that Uruguayan commerce has acquired a high reputation throughout the world, and takes pleasure in informing the Conference that the Government of Uruguay, desirous of protecting the commerce of the country, presented a bill to Congress providing for an international moratorium. The law passed the lower House, and before the Senate had an opportunity to sanction it the merchants of Uruguay, through their most representative members, advised the Senate not to sanction the law, as everybody was prepared to stand by their obligations, and, in fact, they did. Thus the business men of Uruguay paid their obligations abroad, notwithstanding the fact that they were not able to cash their credits in Europe by reason of the moratoria decreed in most European countries. Uruguayan

commerce is justly proud of its standing, and is at a loss to understand the position taken by the bankers and merchants of the United States, so much the more so as the European business men, particularly the Germans, have left nothing undone to comply with its wishes and requirements, and even during the abnormal conditions created by the European war have done their utmost not to depart from this policy.

We strongly present the foregoing facts, which we know are nothing new to interested parties in the United States, because we believe them to be the only practical ones by which commerce between North and South America can be developed.

POSTAL RATES.

Mail between the American Republics should be regulated by the provisions of the South American Postal Convention held in Montevideo in 1911.

The International Postal Convention of Rome, which generally regulates the maximum rates for international mail services, gives to all adherent nations the right of modifying the conditions of the mail service, provided this tends to its improvement by making it cheaper or more efficient.

The Government of Uruguay, in 1911, initiated a postal congress of the South American countries, which was held in Montevideo, and discussed special conditions for the South American mail service. It established the South American Postal Union and regulated the free land and water transportation of the mails of the entire continent. It reduced rates as follows:

The rates fixed by the Rome convention are reduced for the interchange of mail between the contracting countries, thus:

(1) For letters, to 2 cents for the first 20 grams and 1 cent for each 20 grams or fraction exceeding the first 20 grams.

(2) For newspapers and magazines, to $2\frac{1}{2}$ cents for each 100 grams or fraction thereof.

(3) For samples, to $2\frac{1}{2}$ cents for each 50 grams or fraction, with a minimum postage of 5 cents. The maximum weight of packages is increased to 500 grams.

(4) The fixed duties on certificate acknowledgments of receipts, and the demand of information of the registered pieces with no right to acknowledgment of receipt, as well as the rate of the express mail are reduced to 20 cents.

(5) The administrations of the contracting countries forego receiving any overcharge (supplementary or extra charge) for mail for the administrations of the other contracting countries.

Furthermore, the free transmission of diplomatic and consular mail between the respective Governments was accorded, also for the

ordinary mail of scientific institutions, and newspapers sent on an exchange basis, up to two copies for each address. Possible differences which may arise as to the correct interpretation and application of this agreement to be arbitrated.

As the mail rates are expressed in francs with regard to the Rome convention, the following equivalents have been adopted:

Countries.	20 cen- times.	10 cen- times.	2½ cen- times.
Argentina.....cents.	10	5	1½
Bolivia.....do.	8	4	1
Brazil.....reis	160	80	20
Colombia.....cents (gold)	4	2	½
Chile.....cents.	12	6	2
Ecuador.....do.	4	2	½
Paraguay.....do.	40	20	5
Peru.....do.	8	4	1
Uruguay.....do.	4	2	½

The fact that the Montevideo convention should have only affected South American countries shows the weak bonds which have existed until now among the countries of both Americas. But from the moment that common interests of real effectiveness look forward in good faith to a closer approximation nothing is more fair and logical than the adoption for the whole American Hemisphere of the conclusions arrived at for the South American countries. Cheap and easy mail interchange, applying also to cable messages, is one of the prime elements for the fostering of closer commercial relations. On the other hand, the reduction of postal rates contemplated by the United States would have its full success if the countries of Central and North America would adhere, as is to be hoped, to the Montevideo convention.

CUSTOMS CONCESSIONS.

Resolved, That the Conference declares that there is positive advantage for the American Republics in establishing common customs house concessions or in providing other means which will secure the marketing of the excess of their industrial products.

The difficulties which some countries of Latin America have already experienced in marketing the excess of their industrial products are more apparent in the countries of small population.

It is a well-known fact that the only industrial system meeting with modern requirements is that which obliges the cost of production to descend to minimum amounts, which occurs with the development of great industries (it being impossible to conceive the lonely existence of the small shop beside the large factory). Big factories, by multiplying the products, reduce to insignificant quantities the

expenses of production. In order to be successful in the present time it is necessary that the factory should have all modern improvements and not stop the machinery from working for even a moment, because stopping it would signify the loss of motor power, a margin of sufficient expense to bring about defeat, owing to great competition.

The large factory generally has sufficient capacity to fill an entire market, to satisfy the necessities of a South or Central American country having a small population, to bring about immediately superabundance; and when the manufacturer desparingly seeks the foreign consumer in the neighboring countries he encounters the barrier of customs house duties which can be overcome by the great European industries but can not be conquered by the growing national industries, for these are halted in their first steps and in their legitimate desire to exist and progress. We could mention as an example our country, Uruguay, with its million and a half of people, where only one factory for hats, for alcohol, for sugar, for textiles, or for shoes, would have sufficient capacity to fill all necessities; and when new manufacturers would try to enter in competition with those already established, an harmful combination would have to take place or else the meritorious manufacturers would be ruined, because there would be no way of enlarging consumption to find an opening abroad. This would be prohibited by the double obstacle, of European industry having dominated in former years, and of customs house duties of the bordering countries which do not differentiate between the newly established industries and those which for a long time have won a market by suiting the requirements of the consumers.

And let it not be said that the countries of Latin America which accomplish the feat of annually exporting to an amount of more than one thousand five hundred million dollars do not deserve to be listened to, in their just claims of having rights in the markets that they themselves have created. No one should think that the equalizing of rights in America itself represents merely the placing in similar conditions of the American and the European manufacturer.

We do not pretend in any way to ask special favors which possibly would inconvenience us and would cause antagonism in both continents. We do wish, however, to be on the same footing, to calculate as accurately as possible the advantages that the European manufacturer has in producing articles on account of the small interest he pays for capital owing to his greater technical preparation, to the reduced salaries of his workingmen, and to the fact that he has ruled the market for nearly a whole century. And, after making this calculation, to overcome the differences (that no one can deny

exist), to such an extent that the American countries can compete with the European nations within their own territories.

On examining the statistics of four of the principal countries of South America: Brazil, Argentina, Chile, and Uruguay, we find that more than 3 per cent of the foreign commerce of Brazil and Chile, notwithstanding all these difficulties, is with the American continent; that Uruguay uses more than 20 per cent of importations of American origin; and that while Argentina as yet has not reached that amount, it tends to approximate it by its prodigious growth. Argentina, perhaps more than any other country, would be interested in special favors for its industries because it has forty thousand factories and shops that give work to one million three hundred thousand laborers; and if we examine its trade with the neighboring countries, we are filled with wonder at the little importance this industrial trade has compared with the great interchange which the country makes in the products of its prodigious agriculture.

Two of the Uruguayan delegates have just traveled throughout the Republic of Chile in coming to Washington, and they can therefore state that Chile is a country with the greatest manufacturing possibilities in the world, on account of its many large waterfalls, which in the near future will become motive power owing to the proximity of the territory to the seaports and to its enormous coast. This clearly shows the future that nature has in store for that Republic, being, as it is, a maritime country devoted to the transportation of its incalculable mineral wealth and to the products of its manufacturing establishments which could not exist except for the white coal which is found in abundance.

To the Republic of Brazil the proposed resolution would be of great assistance, because Brazil also represents in South America natural advantages for the industries of North America on account of its vast territory, its large population, its unexplored wealth, its waterfalls, and, lastly, because its frontier touches nearly all the South American countries.

Of the other South American nations we possess no accurate data, but it is logical to suppose that their economic situation is more or less similar to that of the four countries which we have studied, and to all of whom the favors and reciprocal facilities that we propose would prove most advantageous.

And, with regard to the United States, mutual concessions relative to customs-house duties would put that country in a position to compete on a fair basis with the European manufacturers and possibly to counterbalance the high cost of production of the United States with the low cost of manufacturing in Europe.

COMMERCIAL EDUCATION.

Resolved: That the Conference strongly advocates the interchange of students and the establishment of a mercantile museum or permanent exposition of Pan American products of the countries of the American hemisphere.

During the last few years the countries of America have devoted considerable attention to the fostering of commercial studies. The European countries have shown the way of this technical knowledge, and the Germans owe the great successes of their commercial expansion to the thousands of students who have graduated from their elementary and high schools of commerce.

The High School of Commerce of Uruguay, a Government institution, was inaugurated in Montevideo ten years ago. Originally this school was a branch of the University of Montevideo, qualified as to faculty on the same lines as the faculties of law, medicine, and engineering. Later it was thought advisable to give this institution a self-governing administration under the guidance of prominent merchants and manufacturers of the country. The success of the High School of Commerce of Montevideo is most gratifying, and the students graduated from this institution and already engaged in active business in banks, factories, and commercial offices have greatly improved the efficiency of the same. This success has encouraged the administration of the high school to more ambitious plans.

Commerce has no boundaries, its ambition is to expand throughout the world. And this expansion should first take place in the American Hemisphere. Among the many factors which contribute to the success of modern business, traveling is one of the foremost. The student that graduates from commercial institutions should not consider his studies concluded until he has traveled through the countries which are to be in the future the field of his activities, getting in touch with men and conditions. It is in the early stage of life when the mind is more easily impressed and familiarized with new and strange conditions and when the men of different countries are more solidly united.

This same thought with regard to international relations has already done much for intellectual interchange between the universities of the American Hemisphere, but so far it has been limited to medicine, law, and engineering. There is no reason why it should not extend to commercial activities. In fact these ought to predominate as their mission will be to attain the highest figures possible in the exchange of wealth.

The High School of Commerce of Uruguay teaches with the utmost efficiency bookkeeping, accounts, geography, political economy, languages, particularly English, stenography, etc. The courses last three years and it is contemplated to increase this to four years. The nature of the studies is both theoretical and practical. Not to men-

tion the practical knowledge acquired at the school itself where the actual business life is carried on almost to perfection, the students enter for some time as clerks in commercial and industrial firms where they are in personal touch with the heads of the several departments who give them most salutary advice.

Most of the commercial institutions of Central and South America have adopted a similar organization, and there is every reason to believe that the student graduated from those schools will be the best commercial agent of those countries and a most important factor in the Pan American commercial interchange. The Commercial High School of Montevideo is actively engaged in perfecting its Mercantile Museum, which is rapidly reaching completion. The scope of this museum is to facilitate the study and knowledge of foreign goods. Samples of foreign and national products are exhibited free of charge and after some time the manufacturers are at liberty to take back their samples. Merchants are invited to visit the museum where they may compare prices and conditions and thus two important results are obtained: First, commercial education, and, secondly, the fostering of interchange.

The conference should indorse the establishment of business high schools throughout the American Hemisphere equipped with mercantile museums which should exhibit American goods in preference to any others.

With regard to the relation of public credit to a well organized system of taxation and a balanced budget it should be agreed that the Conference considers it would be advantageous as the basis for a good taxing system to decrease the duties in the American Republics on the primary materials and articles necessary to life, as, for example, food and clothing, etc., substituting for them, as far as possible, the increase of duties on superfluous articles of luxury directly applied or in the form of a State monopoly, which will prevent fraud in collecting those taxes. It would also be advisable to legislate with regard to graduated taxes on inheritances in order to prevent the transmission of capital from one country to another for the purpose of avoiding the collection of such taxes.

The countries of America have abused indirect taxation, principally of the duties of importation, which in new countries in an almost exclusive manner affect the consumption of articles necessary to life. As countries just beginning to exist, without time for the accumulation of wealth and for the possession of private fortunes, the American nations have had to go to the poorer classes for pecuniary aid, because the food and clothing articles are the only ones consumed in sufficient quantity to offer satisfactory incomes, the only exception being the articles of luxury of unnecessary consumption entering through their customhouses.

On considering this distribution of wealth and the amount of the duties that take away from the poorer classes part of their food and clothing in order to contribute to public expenses, it is only just to try to discover new sources of income, in order to avoid those irritating evils, and to assure to the States the means of carrying on their work.

We are very far from the conception of a State constituting itself judge of this matter, because of the every-day requirements of public service which make it an obligation of the Government to protect the poor and take care of the sick that have no way of caring for themselves, and which cause increased expenses in the school system and in sanitary and public works in an endeavor on the part of the State to keep itself abreast with other civilized nations.

Not only have the European nations doubled their appropriations for the reasons that we have just mentioned, but nearly all the American States have done likewise. And it has been the indirect duty (namely, that on importations collected in the customhouses of maritime or land frontiers) which has sustained this enormous increase of the expenses of the State.

In American countries incomes are taxed under the general name of trade assessments, and thus industry, commerce, and the liberal professions are made to yield to the State part of their profits; but it is clear that the principal income coming through accumulated fortunes earned by labor and through inheritances from century to century do not offer the State treasuries of American nations sums equal to those that may be obtained in Europe.

It is necessary, therefore, to think of other kinds of taxes that may overcome these disadvantages. Two classes of measures should be considered by the American States as being of great importance.

The first is that for high imposts, etc., on articles that are not the most pressing necessities, to be obtained by means of ordinary duties or by State monopolies, and the second that of inheritance taxes arranged in double progression, based on the amount of the capital and the degree of relationship.

The monopolies of the manufacture and sale of articles in favor of the State should only apply to those which are not prime necessities of life.

By monopolizing the sale of such products the prices can soar enormously with great advantage for the National Treasury in the same way that by properly handling their manufacture they can make great economies and thus also increase the profits. For example, as far as the monopoly of alcohol is concerned, the State may amend the law by prohibiting the sale of noxious products of private manufacture, which lead men to degeneracy and insanity.

Besides measures for regulating monopolies and gambling, the countries of America should adopt the measure of taxing inheritances which avoids the imposition of high duties on the parents and children and husbands and brothers, etc., but which frankly declares to be coheirs persons of more distant relationship.

The present family is not the family of old, that of the small village, in which everybody was related, even those of the tenth collateral degree. Such ties of blood are very distant ones now, and have been kept up only through the living together within small limits. The family of to-day is a different one; it is that of a great city, where people are unacquainted with their neighbors, even though these be their relatives, of the same stock; it is a family that is subject to the increasing necessities and to the insatiable desire for comfort and regulated by the fruitful activities of the present.

In these times we live in feverish activity. The tendency of everyone is to abandon their country homes for the large cities, and, with the exception of the families living permanently in the country that keep up old traditions, the circumstances are not such nowadays as to permit the cultivation of widespread bonds of relationship which are not in harmony with true sentiments of friendship.

Society has no positive interest in the compulsory acknowledgment of distant relationship by decree of the law, it being sufficient in order to secure the maintenance of a united, strong, and permanent family to consider that the only ones forming it are the parents, the children, the husbands, the wives, the brothers, and sisters.

The modern legislator has no reason to consider distant relatives, so that when unexpected connections from India present themselves he can and will claim without scruple the participation of the State in the inheritance in order to be able to treat generously those who are indigent and sick in the hospitals and asylums. There are other circumstances that give to us—the Americans—the right to be more strict in matters of inheritance taxes than the European nations. Those that are interested in this matter in Europe have been able to show that it is a tax that must affect the capital of those distantly related, and thus in France, England, and Germany it reaches down to degrees of relationships, relationships that represent 24 and even 29 per cent of the cases of inheritance.

The customary percentage in Europe is, as a rule, half of the usual interest in America, there being levied 7 per cent on an inheritance in a European country. This is double the annual interest, and if in an American country an inheritance should be taxed on this scale the amount collected would scarcely be one year's interest.

In these latter years the principal countries of Europe have increased the taxes on inheritances, and some of them have entered into

treaties whereby the obligation is imposed on their bankers to declare the existence of funds or property belonging to the citizens of the contracting countries that may die, so as to avoid attempts to evade the tax.

Therefore it would be advisable that in America the States should lend aid to one another, in order to regulate the collection of this tax. The most efficacious way to stop fraud and prevent the transfer of personal property from one country to another, and thereby evade the tax, would be the adoption of a uniformity of rates of taxation by neighboring countries and to make obligatory the declaration by all bankers of the securities deposited in their safes when the death of the owner of the same shall take place.

(Signed)

PEDRO COSIO.

GABRIEL TERRA.

CARLOS MARÍA DE PENA.

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